



Daily Report

China

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7 September 1989

Daily Report

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General

Foreign Ministry Holds Weekly News Briefing

USSR Supreme Soviet Group To Visit

OW0709101889 Beijing XINHUA in English
0950 GMT 7 Sep 89

[Text] Beijing, September 7 (XINHUA)—A delegation from the USSR Supreme Soviet headed by Anatoliy Lukyanov, first vice president of the Presidium of the Supreme Soviet, will arrive here September 12 for a visit to China at the invitation of the Standing Committee of the Chinese National People's Congress.

This was announced here today by a Chinese Foreign Ministry spokesman.

Reports on Pilot's Defection Studied

HK0709074289 Hong Kong AFP in English
0730 GMT 7 Sep 89

[Text] Beijing, Sept 7 (AFP)—Chinese authorities are studying press reports of Wednesday's defection of a mainland fighter pilot to Taiwan, the Foreign Ministry said Thursday.

"The press reports about the plane are under investigation by the departments concerned," Foreign Ministry spokesman Li Zhaoxing told a press briefing. He did not elaborate.

It was China's first official reaction to Lieutenant Jiang Wenhao's defection, in which the 24-year-old pilot flew his MiG-19 jet to the Nationalist-held garrison island of Quemoy.

Taiwan authorities said his feat would be rewarded with 860,000 dollars in gold.

Support for Cambodia Continued

OW0709084289 Beijing XINHUA in English
0829 GMT 7 Sep 89

["Kampuchean Resistance To Win Continued Support: Spokesman"—XINHUA headline]

[Text] Beijing, September 7 (XINHUA)—A Chinese Foreign Ministry spokesman today expressed the belief that all the justice upholding countries will continue to support the Kampuchean resistance forces in their fight against the war of aggression.

Li Zhaoxing made the remark at a weekly news briefing when asked to comment on the present tension in Kampuchea and what action China will take as the interested parties in Kampuchea are "reportedly reinforcing their respective armed forces in preparation for a large-scale war" following the failure to reach agreements at the Paris international conference on Cambodia.

The issue of Kampuchea has been created by Vietnamese aggression, Li said, so the key to a political settlement of the issue lies in Vietnam's sincerity in such a settlement.

Li noted that as a result of the rigid attitude taken by Vietnam and the Phnom Penh authorities, the recent Paris conference failed to produce any agreement.

"It is reported that Vietnam is backing the Phnom Penh authorities in preparation for expanding the war," he said. "This cannot but arouse the concern and alertness of the international community."

"We believe that all the justice upholding countries will continue to give their support to the three resistance forces of Kampuchea which stand against the war of aggression," he said.

In order to ensure a comprehensive, just and reasonable political settlement of the Kampuchean issue, and to restore peace and prevent a civil war in the country, Li said: "It is imperative that Vietnam must withdraw all its troops from Kampuchea under strict and effective international supervision."

During the transitional period between the Vietnamese troop pull-out and a general election, a four-party provisional coalition government headed by Prince Norodom Sihanouk should be established in Kampuchea, and the forces of the four parties in the country should be frozen and their number reduced thereafter, he said.

To the question whether China will send officials or journalists to Kampuchea since "Vietnam had said it would invite interested countries and personages to observe its final troop pull-out from the country," the spokesman said: People do not actually believe that Vietnam would "genuinely withdraw all its troops."

"Our position is that all the parties concerned should, first of all, reach an agreement on a comprehensive, just and reasonable political settlement of the Kampuchean question," he said.

The Vietnamese troop pull-out should be carried out under strict and effective international supervision, he reiterated, adding that the mechanism of the international supervision should be established by the United Nations and be put under the UN auspices.

Otherwise, he said, it would be "very difficult to judge and ascertain whether or not Vietnam has, in real earnest, withdrawn all its troops from Kampuchea."

Macao Governor To Visit Beijing

OW0709101589 Beijing XINHUA in English
0957 GMT 7 Sep 89

[Text] Beijing, September 7 (XINHUA)—Carlos Melancia, governor of Macao, will pay a visit to Beijing and Xian from October 4 to 8.

He will be here as guest of Chinese Vice Foreign Minister Zhou Nan, a Foreign Ministry spokesman said here today.

Nicaraguan Minister To Visit

OW0709095589 Beijing XINHUA in English
0939 GMT 7 Sep 89

[Text] Beijing, September 7 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that Henry Ruiz, member of the National Directorate of the Sandinista National Liberation Front and minister of external cooperation of Nicaragua, will pay a visit to China from September 9 to 15.

NPC Delegation To Visit Africa

OW0709085889 Beijing XINHUA in English
0842 GMT 7 Sep 89

[Text] Beijing, September 7 (XINHUA)—A delegation of China's National People's Congress (NPC) headed by Wang Hanbin, vice chairman of the NPC Standing Committee, will visit Guinea-Bissau, Mali, Cote d'Ivoire and Cameroon between September 16 and 30.

This was announced by a Chinese Foreign Ministry spokesman here today.

United States & Canada

XINHUA Roundup Views U.S. War on Drugs

OW0709091689 Beijing XINHUA in English
0855 GMT 7 Sep 89

["Roundup: American Drug War—Result Remaining Unassured (by Lu Wenyue)"]—XINHUA headline]

[Text] Washington, September 6 (XINHUA)—An unprecedentedly coordinated and comprehensive war against drugs both at home and in Latin America was formally kicked off last night by President George Bush. But its result remains unassured.

In his new anti-drug strategy, Bush proposed a total of 7.9 billion dollars to be spent on law enforcement, education, treatment and interdiction over the next fiscal year starting October 1. The budget is larger than any previous one related to antidrug efforts, though it pales in face of the 14.5 million drug users in this nation who consume narcotics worth some 11 billion dollars a year.

The 7.9 billion dollar package is divided like this: 1.6 billion for correction, 3.1 billion for law enforcement, 1.2 billion for prevention and education, some 1 billion for treatment, 250 million for the court system and 261 million for Colombia, Peru and Bolivia, the three countries that are largely responsible for tunneling a majority of narcotics to the United States.

Bush, in his first nationally televised speech last night, described this plan as "comprehensive as the problem." "With this strategy, we now finally have a plan that coordinates our resources, our programs," he said.

However, scanning comments, talks, speeches and criticisms during the past 24 hours on Bush's plan, one can hardly find optimistic tones except in those, such as National Drug Policy Director William Bennett, involved in drafting the plan. Even Republican congressmen gave a restrained view.

The Democrats who hold solid majorities in both the House and Senate argued that the plan is not aggressive enough and more money is needed, especially in later years.

"We don't have a drastically different approach," said House Speaker Thomas Foley. "It's a matter of whether we're going far enough."

Representative Dan Rostenkowski, chairman of the House Ways and Means Committee, said: "Unless the President supports the tax increases that will be necessary to fight this war, the drug dealers are going to win." Bush voiced firmly against raising taxes in his last night's address: "I am not in a mode [as received] to raise taxes."

To meet the cost, the President proposed diverting money from elsewhere in government—by abolishing the Economic Development Administration and by cutting funds from juvenile justice programs, public housing and other areas.

Asked about Democrats' criticism that his plan is inadequately funded and doesn't go far enough, Bush said at today's press conference: "My response is: They're wrong."

He said his program represented a 2 billion dollar increase above a drug program proposed months earlier and being considered in the House. Taking aim at his critics, Bush said: "They're carping with those partisan comments."

A Democratic controlled appropriations panel earlier this year sought to boost antidrug spending by 821 million dollars for the current fiscal year, but the figure was cut to 75 million dollars after the administration argued that Federal [as received] had all the money they could spend for now. "Quite frankly, the President's plan is not tough enough, bold enough or imaginative enough to meet the crisis at hand," said Senator Joseph Biden, chairman of the Senate Judiciary Committee which is scheduled to open hearings on the plan Thursday.

A number of national organizations also raised their sharp tongues at the Bush plan.

The American Civil Liberties Union, which has 275,000 members, called the plan "counterproductive and cynical," saying it shortchanges prevention and treatment programs.

Ira Glasser, the union's executive director, said: "This is a joke. This is a hoax on the public. It cannot work."

Neal Sonnett, president of the National Association of Criminal Defense Lawyers, said the administration's plan "shows no leadership, and dooms us to repeat the failures of the past."

Every President of the nation since Lyndon Johnson has declared war on drugs. But each has kept funds low and none has won.

During the past eight years, the Federal Government has spent 16.5 billion dollars on drug enforcement. Still, cocaine deaths have almost tripled in five years, and emergency room treatments for cocaine abuse have increased five-fold.

"The key to fighting this war is adequate resources. Without those resources, we will be firing blanks," said House Budget Committee Chairman Leon Panetta.

Clearly, more money is needed for enforcement. As a leading newspaper here said: "No one should believe that this plan will win the drug war. The enemy is just too tough to beat without a greater commitment. That means more money to fight the problem facing the nation. To win the war, he still lacks ammunition."

Soviet Union

CPC Liaison Department Delegation Departs

OW0709102489 Beijing XINHUA in English
0958 GMT 7 Sep 89

[Text] Beijing, September 7 (XINHUA)—Zhu Liang, head of the International Liaison Department of the Chinese Communist Party (CPC) Central Committee, and his group left here today for Moscow on a visit to the Soviet Union.

Zhu, also a member of the CPC Central Committee, was invited by Falin, head of the International Department of the Central Committee of the Communist Party of the Soviet Union.

The Chinese and Soviet parties normalized their relations last May when the Sino-Soviet summit took place in Beijing.

Heilongjiang Runs Brick Plant in Soviet Union

SK0709043989 Harbin Heilongjiang Provincial Service
in Mandarin 2100 GMT 5 Sep 89

[Text] The project contracted by the Suifenhe Corporation in charge of investments in foreign businesses with regard to operating a brick plant at (Bogoranchini) Town of the Soviet Maritime Region was recently put into production. The construction of the mechanized brick plant with 26 brick kilns, which can turn out 20 million bricks each year, was carried out by the mobile mechanized construction team of the state farm in the

Soviet Maritime Region. The Soviet side has provided funds, land, and some managerial personnel for the plant, while the Suifenhe Corporation has provided the entire production equipment, the technology for the installation and readjustment, a production line, and more than 100 laborers.

Northeast Asia

DPRK Supreme People's Assembly Group Arrives

Delegation Honored in Beijing

OW0609150989 Beijing XINHUA in English
1404 GMT 6 Sep 89

[Text] Beijing, September 6 (XINHUA)—The Chinese Government and people resolutely support the Korean people's just struggle to ease the situation on the Korean peninsula and their efforts for independent and peaceful reunification of their fatherland, said Xi Zhongxun, vice chairman of China's National People's Congress (NPC) Standing Committee, here today.

China supports the reasonable proposals of the Korean Workers' Party and the Government of the Democratic People's Republic of Korea (DPRK) including the establishment of the democratic federal republic of Koryo. Xi said at a banquet held by the NPC Standing Committee in honor of a delegation from DPRK's Supreme People's Assembly headed by Vice Chairman Sun Song-pil.

Xi thanked the Korean party, government and people for supporting the Chinese Government in quelling the counterrevolutionary rebellion in June in Beijing.

Sun Song-pil said that to develop friendship with China is one of the basic principles of DPRK's foreign policy.

He said that the Korean people will continue to make efforts for the independent and peaceful reunification of the fatherland.

The delegation arrived here at noon today on a goodwill visit at the invitation of the NPC Standing Committee.

Wan Li Meets Delegation

OW0709143989 Beijing XINHUA in English
1414 GMT 7 Sep 89

[Text] Beijing, September 7 (XINHUA)—China resolutely supports the Korean people's just struggle for independent and peaceful reunification of their fatherland. Wan Li, chairman of the Chinese National People's Congress (NPC) Standing Committee, said here today.

Wan made the remark at a meeting with a delegation from the Supreme People's Assembly of the Democratic People's Republic of Korea (DPRK) headed by Vice Chairman Sun Song-pil.

It is the common desire of the two countries to speed up their economic development, Wan said. The Chinese

and Korean people support and learn from each [other] and are cooperating well in all fields.

He thanked the Workers' Party and the Supreme People's Assembly of Korea for their support to the Chinese Government in quelling the counterrevolutionary rebellion in June in Beijing.

Talking about China's domestic situation, Wan said that Zhao Ziyang's mistakes in the guiding principles for economic work were a major cause leading to the inflation and disorder in management not long ago. Therefore, China is now making efforts to straighten out the economic order.

Sun Song-pil said that the Korean people will follow the teachings of their great leader Kim Il-song and Kim Chong-il to hand down Korean-Chinese friendship from generation to generation.

He said the Korean Supreme People's Assembly will do its best to strengthen its friendly relations and cooperation with China's National People's Congress. He expressed the hope that Korea and China will further increase their exchange and mutual assistance.

After the meeting, Wan hosted a banquet for the visitors.

Qin Jiwei Meets North Korean Army Delegation

*OW0709141589 Beijing XINHUA in English
1028 GMT 7 Sep 89*

[Text] Beijing, September 7 (XINHUA)—Qin Jiwei, state councillor and minister of National Defense, met and gave dinner for an officers delegation of the Korean People's Army led by General Yi Tu-ik, here this evening.

The delegation arrived in Beijing September 4 for a two-week visit to China at the invitation of the Chinese Ministry of National Defense.

Beijing Prepares for Large Exhibition in Japan

*OW0509113689 Beijing XINHUA in English
0801 GMT 5 Sep 89*

[Text] Beijing, September 5 (XINHUA)—Beijing will hold its largest economic and trade exhibition in Tokyo between October 9 and 16 on the occasion of the 10th anniversary of the establishment of sister city relations between the two cities.

Zhang Ming, director of the Beijing Municipal Economic and Trade Commission, told Chinese and Japanese reporters today that the more than 5,000 exhibits will cover 30 categories, including garments, electronics, machinery, medicines, chemicals and animal by-products.

The exhibition, to be held at the Tokyo Trade Center, will also include pictures and charts showing friendship between the two cities, the general outline of Beijing's

economic and trade relations with foreign countries, and traditional Beijing cultural and tourist attractions.

During the exhibition, Zhang said, lectures on Beijing's investment environment and seminars on economic cooperation between the two cities will be held, in addition to business talks about 100 projects Beijing has prepared.

A calligrapher, a painter and a dough figure sculptor will demonstrate their skills and sell their works.

Zhang said the exhibition will have the support of the Tokyo city government and the Chinese Embassy in Tokyo.

Statistics show that Beijing's exports to Japan totalled 150 million U.S. dollars in 1988, accounting for 14 percent of the city's total exports. Japan has set up 20 joint ventures in Beijing with a total investment of 730 million U.S. dollars.

There are 528 joint ventures in Beijing with a total investment of 1,900 U.S. dollars [figure as received] from more than 20 countries and regions.

Statistics also show that Beijing has imported technology and equipment for 1600 projects from more than 30 countries and regions over the past ten years, of which 30 percent was from Japan.

Southeast Asia & Pacific

Commentary Blames Vietnam for Failed Paris Talks

*OW0709022589 Beijing International Service
in Mandarin 0900 GMT 1 Sep 89*

[Commentary by (Wang Zuozhou), station reporter stationed in Paris: "Why the Paris Conference on the Cambodian Issue Reached an Impasse"]

[Text] The Paris international conference on the Cambodian issue, which lasted for 1 month, was adjourned on 30 August. Due to the interference by Vietnam and the Hun Sen regime in Phnom Penh, the conference failed to achieve any substantial agreement on a comprehensive settlement of the Cambodian issue.

At present, the international situation has been going from confrontation to dialogue, and from tension to detente. To continue and develop this good trend, international society has been showing more concern about achieving a political settlement on the Cambodian issue. It was against this background that this international conference was convened. Most representatives of the participating countries expressed the wish that the Cambodian issue be solved in a comprehensive manner and that both the international and domestic aspect of the Cambodian issue be treated as an integral whole. They expressed their hope that two basic goals be realized at this conference: first, the establishment of an international supervisory mechanism to effectively supervise

the withdrawal of all Vietnamese troops from Cambodia; second, the formation of an interim coalition government based on national reconciliation of the four parties concerned for the transition period of the withdrawal of the Vietnamese troops and the holding of a general election, so as to prevent an Afghan-type civil war tragedy in Cambodia.

On these key issues, the position of Vietnam and Phnom Penh ran counter to that of the overwhelming majority of countries at the meeting. On the issue of international supervision, the representatives of the overwhelming majority of countries advocated the withdrawal of Vietnamese troops under the supervision of the United Nations; that is, the United Nations should take charge as the international supervisory organ. But, this reasonable proposition only met with opposition from Vietnam and the Phnom Penh regime. Vietnam's unreasonable position was refuted by the three other parties in Cambodia and the representatives of many countries.

On the eve of the Paris conference, Hanoi stated that its troops stationed in Cambodia were only little more than 46,000. Later, it spread the rumor that its troops in Cambodia were only about 27,000. But, according to a Democratic Kampuchean estimate, there are still 100,000 Vietnamese troops in Cambodia. Democratic Kampuchea pointed out that there are a large number of Vietnamese soldiers in the Phnom Penh puppet army, along with some 100,000 Vietnamese advisers and officials of various kinds. In addition to this, the number of Vietnamese immigrants in Cambodia has already reached 1 million, one fifth of whom possess weapons. The reason why Vietnam opposes effective international supervision of its troop withdrawal is that it wants to realize its plot of "openly withdrawing its troops but secretly leaving them behind."

Regarding the domestic aspect of the Cambodian issue, both Vietnam and the Phnom Penh regime are absolutely opposed to the establishment of a four-party interim government during the transition period. Instead, they advocate the formation of a Sihanouk-Hun Sen government. In fact, they played the trick of allowing the Heng Samrin-Hun Sen clique to monopolize power for the purpose of preserving the political results obtained by Vietnam's invasion. This scheme also met with forceful refutation at the conference.

The various representatives pointed out that the reality in Cambodia is that at present there are four political forces in existence simultaneously. Each political force has its own armed forces. The representatives at the conference included representatives of these four parties. This fact shows that international society acknowledges the reality of the existence of these four political forces.

Ignoring reality, Vietnam and the Phnom Penh regime have been advocating their proposal of creating a so-called "Sihanouk-Hun Sen bipartite government." The

fact is that they have been only trying to gain at the negotiating table what they could not achieve on the battlefield.

The Paris international conference shows that so far Vietnam does not have any sincerity to achieve a comprehensive political settlement of the Cambodian issue. On some key issues, Vietnam has persistently maintained a stubborn position. This is the crucial reason why this international conference failed to achieve its expected goal.

Near East & South Asia

Tibet Leader Speaks on Relations With Nepal

HK0709075189 Lhasa Tibet Regional Service
in Mandarin 1030 GMT 6 Sep 89

[Excerpts] At a meeting in Lhasa on 5 September with R.B. Dhaba, consulate-general of the Kingdom of Nepal, NPC Standing Committee Vice Chairman Ngapoi Ngawang Jigme pointed out: All measures that our government adopted in the recent campus upheaval, which later developed into a turmoil and counterrevolutionary rebellion in Beijing, are absolutely internal affairs of our country. However, some Western countries have wantonly interfered in the internal affairs of our country under the pretext of human rights and freedom. This is absolutely groundless and utterly unjustifiable. He said we appreciate the Nepalese Government's understanding and sympathy for China's effort to quell the counterrevolutionary rebellion. [passage omitted]

Vice Chairman Ngapoi also said: The relations between China and Nepal were and are very close. In particular since the founding of the People's Republic in 1949, the relations between the two countries have become closer than at any time in the past. China and Nepal have unanimity of views or almost identical views on major international issues. He expressed thanks to the Nepalese Government for the active role it has played for many years in respecting and safeguarding China's unification and in opposing factionalism. Vice Chairman Ngapoi pointed out: To promote the relations between the two countries, policy-making must first give expression to mutual help and mutual reliance, and then attention must be given to economic development of the two countries. He hoped both sides would further strengthen the relationship of inhabitants of the border areas and promote the development and cooperation of border trade. [passage omitted]

Sub-Saharan Africa

Reportage on Burkinabe President Compaore's Visit

Leaders To Meet Compaore

HK0609131989 Hong Kong AFP in English
1305 GMT 6 Sep 89

[Text] Beijing, Sept 6 (AFP)—Burkina Faso President Blaise Compaore's arrival here Thursday will mark a new

breach in China's diplomatic isolation since the crushing three months ago of the pro-democracy movement.

Mr Compaore, whose visit was organized a long time ago, will meet President Yang Shangkun and Prime Minister Li Peng, an African diplomat said.

The African president will be the first foreign leader to be given a traditional official welcome in central Beijing's vast Tiananmen Square since the army stormed the plaza on the night of June 3-4 to end the seven-week long student-led democracy movement.

Mr Yang, a firm supporter of the army action, will represent China at the ceremony in Tiananmen Square, which is still patrolled by soldiers and off-limits to the public.

If China's top leader Deng Xiaoping, who traditionally meets visiting heads of state, is present it will be his first public appearance since June 9. Such meetings are never announced in advance.

Mr Deng took the opportunity on his last public appearance to take full responsibility for the army action which triggered reactions of outrage from many countries around the world.

Burkina Faso and China have good bilateral relations and Beijing has provided the African nation with valuable agricultural and construction aid.

Beijing was among the first countries to recognize Mr Compaore's government which was set up after a military coup October 15, 1987 that ousted the regime of Thomas Sankara, who visited the Chinese capital in 1984.

China, looking for friends in the international arena, has taken pains to reaffirm its support for the Third World while slamming interference by the industrialized nations in the economic and political affairs of poor countries.

African nations were instrumental in voting China into the United Nations and so Beijing's leaders are likely to have gained cold comfort from the Third World's recent condemnation, through a U.N. sub-committee on human rights, of their policies.

The Chinese Government has started stretching out feelers and testing the climate for reopening a dialogue with the major non-communist industrialized nations, notably at last month's international conference in Paris on Cambodia.

Sources in the U.S. Government said Tuesday that Wang Shichun of the Ministry of Foreign Economic Relations had been invited by the administration of President George Bush to talks in Washington next week despite a ban on contacts with senior Beijing officials.

Next week's talks were called to discuss China's desire to join the Geneva-based General Agreement on Tariffs

and Trade (GATT), the global trade liberalization body, State Department sources said.

Compaore Arrives

*OW0709072989 Beijing XINHUA in English
0531 GMT 7 Sep 89*

[Text] Beijing, September 7 (XINHUA)—Chairman of the Popular Front and head of state and government of Burkina Faso, Captain C. Blaise Compaore, and his wife, arrived here early this afternoon for a six-day official visit to China at the invitation of Chinese President Yang Shangkun.

This is the first visit to China by Compaore, 38, since he became chairman of the Popular Front and head of state. It is also the first visit to China by a foreign head of state after China quelled the June antigovernment riots.

Accompanying Compaore are Captain Henri Zongo, second vice chairman of the Executive Committee of the Popular Front and minister of economic promotion, Issou Go, minister of external relations.

Zhu Xun, chairman of the Chinese Government reception committee, and minister of geology and mineral resources, greeted Compaore and his party at the airport on behalf of the Chinese Government.

During their stay, the guests will also visit Chengdu and Shanghai.

President Yang Shangkun is scheduled to host a welcoming ceremony and banquet in honor of the visitors later today.

Burkinabe President Praises Quelling of Riots

*OW0709112789 Beijing Domestic Service in Mandarin
2130 GMT 6 Sep 89*

[Text] According to a RENMIN RIBAO report from Ouagadougou, the head of state of Burkina Faso, Blaise Compaore, accepted an interview with Chinese reporters on the eve of his China visit.

Compaore noted that the prospects for developing bilateral relations between the two countries are very good.

With regard to China's quelling of the counterrevolutionary rebellion in Beijing, Compaore maintained that this is an internal issue for China. He said he was heartened that the Chinese Government quickly brought the situation under control. He mentioned that he had great admiration for the Chinese leaders, who were brave enough to admit mistakes in their work while taking resolute actions against the counterrevolutionary rebellion. He hopes that the Chinese people will firmly proceed on the right road.

Chairman Compaore is to arrive in China today [7 September] for a visit at the invitation of President Yang Shangkun.

RENMIN RIBAO carried on its front page a photograph and brief biography of Chairman Compaore.

Liaison Official Meets Delegation From Zambia

*OW0609125589 Beijing XINHUA in English
1111 GMT 6 Sep 89*

[Text] Beijing, September 6 (XINHUA)—Zhu Liang, head of International Liaison Department of the Chinese

Communist Party (CPC) Central Committee, met with and gave a dinner for a visiting Zambian United National Independence Party (UNIP) delegation here today.

The delegation headed by M.M. Tambaamba, political secretary of UNIP Lusaka Provincial Committee, arrived here August 27 for a two-week goodwill visit to China at the invitation of the CPC.

Political & Social**Li Peng Says Too Early To Repeal Martial Law***HK0709041889 Hong Kong WEN WEI PO
in Chinese 1 Sep 89 p 1*

[Report: "Li Peng Says It Is Too Early to Repeal Martial Law; Beijing Strengthens Security Measures on Eve of National Day"]

[Text] Beijing, 6 Sep—The situation in Beijing has shown increasing stability. But it is now known for sure that the residents of Beijing—the capital of the PRC—will usher in the 40th anniversary of the National Day under martial law conditions.

In an interview with a member of the French Parliament, Premier Li Peng said clearly that it is still too early to repeal martial law. He also ruled out the possibility of amnesty of demonstrators arrested in connection with the Beijing Tiananmen event. He said: "First, I consider that the danger of a plot to overthrow the government has still not been eliminated."

He said: "There are still many bad elements who have in their hands automatic rifles, machineguns, and submachineguns. This is one of the problems, but there are others."

But no matter what, order has returned to normal in the streets of Beijing. The president of Burkina Faso, arriving in Beijing tomorrow 7 September, will be the first foreign leader officially received in Tiananmen Square since 4 June. State President Yang Shangkun will preside over the ceremony in the square. When Soviet leader Gorbachev visited China a few months ago, the welcoming ceremony was forced to be held at a military airport.

Of course, the Beijing authorities are still greatly worried about peace and order, or anything that is likely to happen. The Beijing Municipal Government has recently issued a notification: Starting from 14 September, personnel from outside Beijing must hold certificates issued by the authorities at and above the county or regiment level before they can enter the capital. Personnel already in Beijing are also bound by this notification. Those not having obtained such identification papers must leave Beijing before this notification comes into force. The notification said that on "1 October," Beijing will have activities and evening parties to mark the 40th anniversary of the founding of the PRC. The decision was specially made to maintain social order in the capital. The notification will automatically become null and void after "1 October."

On the other hand, rectification efforts are being stepped up in the ideological field. Eighteen provinces and cities have established work leadership groups with responsible party and government officials in charge. The aim is to start a large-scale surprise crackdown on the book

and magazine market and the tape and videotape market to create some new atmosphere for the National Day celebrations.

Of these provinces, Fujian has taken Shishi City, a distribution center for obscene tapes and videotapes, as the focus of a crackdown. It will also launch a provincial antipornography campaign. Xi Shijie, secretary of the Hainan Provincial CPC Committee, has specially called on the public security departments of Haikou, Sanya, and Danxian to take measures to resolutely block all routes of passage for the smuggling of pornographic publications in all large and small coastal ports. Zhejiang Province will further crack down on Baixiang Town of Leqing County, Wenzhou, and Chongxiang Town of Gangnan County, one of the sources of illegal pornographic videotapes.

Events Surrounding Hu Yaobang's Funeral Reported*HK0609134989 Beijing RENMIN RIBAO in Chinese
6 Sep 89 p 2*

[Article by Ren Yuqing (0117 3768 3237): "A Carefully Calculated Fraud—Record of Actual Events Before and After Comrade Hu Yaobang's Funeral"]

[Text] The turmoil occurring between spring and summer this year broke out ahead of time on the occasion of Comrade Hu Yaobang's death.

The circular of the CPC Central Committee on the memorial service for Comrade Hu Yaobang was not issued until the evening of 19 April. However, Gao Yu, a member of the State Structural Reform Research Office under Bao Tong's control and an editor of JINGJIXUE ZHOUBAO, had called on Beijing University student Wang Dan on 16 April. During the visit he told Wang definitely: "This time we are going to stir up a storm in the streets...as all the Chinese people have now become Hua Laoshuan and Ah Q." [both were characters in Lu Xun's novels] "We hope all students will swarm to the Great Hall of the People on Saturday (22 April)." On 18 April, Li Shuxian suggested an idea to Wang Dan: "Many people are eager to join the memorial service. So a big furor would be stirred up if they keep asking to join the memorial service."

All actions taken before 22 April, including the presentation of a petition to the Standing Committee of the National People's Congress [NPC] on 18 April and the storming of Xinhua Gate early in the morning of 20 April, were merely preparations made by the turmoil plotters and organizers for the 2 April operation.

I.

Many college students joined with respectful feelings the activities to mourn over Comrade Hu Yaobang. But that was not the case of those who stubbornly supported bourgeois liberalization. From the very beginning they had intended to start a political struggle to overthrow the CPC's leadership and the socialist system.

On the afternoon of 15 April, just a few hours after Comrade Hu Yaobang passed away, a slogan "Li Peng, Step Down" appeared on the campus of Qinghua University. Then, on that evening, a big character poster was put up in Beijing University. It read: "We demand that the impotent government be removed, the autocratic despot be overthrown, and a democratic political system be established." On 16 April, a slogan was seen on the campus of the People's University of China, saying that "we would rather overthrow Deng than mourn Hu and scold Li; and we would rather forsake the four principles than propose numerous principles." A big character poster posted in the China University of Political Science and Law put it more clearly: "For the present our task is to protect the living reformers and to protect Zhao Ziyang." By 22 April more than 1,000 big character posters had been put up in universities and colleges in the capital.

The content of these big character posters was also spreading in Tiananmen Square. THE NINETIES, a Hong Kong-based monthly, carried an account given by someone from Hong Kong who happened to visit Tiananmen Square at that time. The man said he heard some college students deliver speeches in Tiananmen Square on the evening of 18 April. According to him, a student said: "In China there is only autocracy by one party or, to be more precisely, autocracy by bureaucrats. So, down with the CPC's one-party autocracy!" The audience laughed, some people said that speaker's idea was "unrealistic," some people applauded him, and some booed and hooted.

Some "elites" of the cultural circles were also working intensively to prepare public opinion. On 15 April, SHIJIE JINGJI DAOBAO contacted Ge Yang, editor in chief of the XINGUANCHANG magazine; Su Shaozhi, and some other figures, to organize an unofficial discussion meeting. During the unofficial discussion meeting on 19 April, Yan Jiaqi, Dai Qing, and some other people called for reversing the decision on the case of Comrade Hu Yaobang and totally repudiating the campaign against bourgeois liberalization. They also vaguely suggested an idea to "overthrow Deng and support Zhao." After that, SHIJIE JINGJI DAOBAO's chief editor Qin Benli decided to advance publication of the new issue with a report on that unofficial discussion meeting, so that copies of the new issue could be distributed in Beijing before 22 April and "exert influence on the student movement."

On 21 April, the petition submitted by Yan Jiaqi, Bao Zunxin, and others to the CPC Central Committee and the NPC Standing Committee appeared quickly on the campuses of all the major universities. This petition letter surprisingly resembled in content the one submitted by Wang Dang and some other students on 18 April. Some big and small character posters giving the so-called "true account of the 20 April bloodshed" and a notice "urging people to join the memorial service in Tiananmen Square" were put up beside the poster carrying the petition.

Thus a nervous and irrational emotion began to spread among college students. What is more, a rumor saying that "Yaobang was shot dead by bodyguards of the paramount leader" was spreading out of Beijing University and Qinghua University on the afternoon of 21 April. Some students were so crazy as to plan to "stop the hearse." On that evening the campus of the Beijing Teachers' University was in chaos. Some students from other colleges swarmed into the campus. Over 10,000 students gathered there to hold the so-called "oath-taking rally. Standing on the sports ground and holding a portable loudspeaker, Wuer Kaixi was instigating fellow students to "make the 20 April bloodshed murderers pay their blood debt." Some people even carried a bag of lime powder on a bicycle and distributed it among the masses, but they were stopped by some senior grade students.

The atmosphere was tense before the storm came. The turmoil, to be touched off by the memorial service for Comrade Hu Yaobang, was ready to break out. Some news media abroad were so impatient that they gave an early signal of the incident. On 21 April, the Taiwan CHUNG YANG JIH PAO carried a large headline: "Greater Turmoil Is Bound To Burst out on Mainland;" while the Hong Kong ORIENTAL DAILY NEWS put an eye-catching headline on its front page: "Students May Storm the Venue of Hu's Memorial Service Tomorrow." The U.S. WASHINGTON POST simply quoted a Beijing student: "Mourning over Hu Yaobang is merely a pretext chosen by the demonstrators."

II.

After several hundreds of thousands of college students rushed into Tiananmen Square in the small hours of 22 April, some immediately sat or went to sleep on the ground while others were laughing, playing, and talking on the lawn close to the Monument to the People's Heroes. Most student representatives from different universities and colleges were not sure what they would do after daybreak.

At a meeting of student representatives from more than 20 universities and colleges held at about 0200, Guo Haifeng said: We must first stage a peaceful demonstration, requesting a meeting with us from all members of Political Bureau Standing Committee, even including Deng Xiaoping, to hold negotiations with them. If this request is denied, then we will storm the Great Hall of the People. Upon hearing it, all other student representatives disagreed with what he had said, noting that it would be no good to rush in a mourning hall when a funeral ceremony is being held; what is more, all students came here to attend the funeral and are not prepared to hold any "negotiations." After having such a controversy, at about 0600 the representatives finally decided to put forth three demands to the funeral committee: Definitely guarantee the safety of the students, pay last respects to Hu Yaobang, and let the hearse go around the square.

At 0715 a comrade in charge of the funeral committee passed on words to five student representatives including Xiong Yan and Xiong Wei, stating: As long as the student marches are in order, their safety can be ensured; it is impossible to arrange such a large number of students for the moment to enter the Great Hall of the People to pay last respects; and the issue of letting the hearse go around the square is under discussion. Xiong Wei and others said they could understand all the points but they immediately raised three new demands: Clarify the "murder case in front of the Xinhua Gate," increase funds for education, and news must speak truth. Not before long a comrade from the funeral committee gave them a reply: For the first demand nothing could be said as details of the event are not available, the second demand has nothing to do with the funeral committee, and the third demand has been made known to the departments concerned. The five student representatives did not say anything more after hearing what the comrade had said.

Nevertheless, Wuer Kaixi and some others who claimed to be supported by certain "backstage bosses" were resolved to kick up a fuss. After entering the square, Wuerkaixi told reporters: "We come for struggle and we have the right to choose different forms of struggle, for example, we will shout slogans when the funeral is under way. We might do so if our demands are refused. Furthermore, we may make government officials embarrassed." Wuer Kaixi said repeatedly: "We do not take action now but this does not mean we will never take any action." "In case our demands are not granted, we will take action when we go back to school."

In point of fact, no sooner had some people entered the square than they initiated action. They deliberately shouted at the top of their voices when passing through the streets in front of the Great Hall of the People. At 0330 when a guard squad on duty came to the square, these people immediately surrounded them, pushing and shoving and even flinging abuses. At this moment, slogans such as "Down with tyranny" and "Soldiers go home" echoed loudly. To avoid conflicts, the guard squad withdrew. At 0430 a responsible comrade in police uniform of the Beijing City Public Security and Traffic Administration came to the east side of the Great Hall of the People to regulate the traffic, right away came he under attack from all sides.

Before the break of dawn, the student marches had rushed to the streets in front of the Great Hall of the People and the square was crowded to its full capacity. It was absolutely impossible to clean the square. At 0800 some sentry personnel intended to stand sentry on the side of the parking ground in front of the Great Hall of the People. Some students immediately stood up and rushed in columns to the sentry personnel. A reporter of the Hong Kong semi monthly "PAI SHING", who had witnessed the scene, wrote later: "Staff of the Institute of Journalism under the China Academy of Social Sciences marched forward holding aloft the banner: 'News must

speak truth.' Rumors were then going around with a terrific hue and cry and people were nearly driven mad in such an atmosphere."

To avoid conflicts, sentry guards exercised great restraint and kept sentry in front of the east gate of the Great Hall of the People, a few meters away from the students. A bloodshed event which a small number of people had expected and might occur any moment was halted.

The funeral was televised live to the square. After funeral music was played and the ceremony of paying last respects was finished, many students and people in the square started running westward in order to see the hearse. Most students thought they had to go back as they had spent more than 10 hours here and some students were about to leave the square.

III.

The students at the square had no idea that this tiny number of people had another plan up their sleeves in case their attempt to disrupt the memorial service failed. On the 21st, the core members of the "Preparatory Committee for Rallying Beijing University Students" Wang Dan, Guo Haifeng, Feng Congde and Xiong Yan called a secret meeting at which they decided that Feng Congde would write a copy of the petition already handed in on the 18th, which would be used when "we make another petition after the memorial service, taking the advantage of the presence of a great number of students."

The conspiracy was known to only a few until it was abruptly announced to the students at the square—but not before the motorcade of Li Peng and other leading comrades had left the West Gate of the Great Hall of the People. At approximately 1050, all of a sudden, from the western part of the square burst out the cry "Dialogue! Dialogue!" followed immediately by slogans such as "Come out, Li Peng" and "Talk to us, Li Peng." At that time Wuer Kaixi and Guo Haifeng had made their way to the forefront of the student column closest to the Great Hall of the People, and remained standing there.

As the slogan shouting got increasingly louder, Feng Congde passed a large roll of paper from among the Beijing student columns to Guo Haifeng and signaled him to "hand it to Li Peng." At around 1120, Guo Haifeng held aloft with both hands the petition for the attention of the crowds and, accompanied by another two university students and Wuer Kaixi, who was staying beside Guo Haifeng shouting into his hand-held battery-charged loudspeaker along the way, Guo Haifeng walked toward the Great Hall of the People.

In front of the steps leading to the Great Hall, Guo Haifeng said to the comrades of the funeral committee, who hurried to the Great Hall upon learning the news: "We want to lodge a petition." Wuer Kaixi then demanded: "We want our petition received by nobody but Li Peng himself, and in person." The comrades from

the funeral committee suggested they send a representative into the Great Hall, which Wuer Kaixi refused, insisting that "the first and foremost demand is that Li Peng come out. We can give up every other demand except this one." Wuer Kaixi then gave an ultimatum: "The deadline is 1245."

At 1200 sharp, from inside the Great Hall of the People trotted a responsible comrade toward the funeral committee comrades, and he asked them: "Can you ask the students to make way and open up an access, so that the hearse can circle the square?" The funeral committee comrades, for their part, had also tried to persuade, repeatedly, Wuer Kaixi and three other students: "Since you students are here for the memorial service, you would agree that the most important thing is to let the heroic soul of Yaobang be delivered first." But Wuer Kaixi and three other students just stuck to their demand: "Tell Li Peng to come out."

By this time the Tiananmen Square and the surrounding areas had been packed with crowds, with columns of students continuously pushing toward the Great Hall of the People. At one time Comrade Zhao Ziyang climbed to the rooftop of the Great Hall and scanned the scene with a binoculars. Then he drove away for his golf sessions, without leaving any instructions.

None of the funeral committee members and the staff at the Great Hall of the People that had contacted Wuer Kaixi, Guo Haifeng, and company had ever said that Comrade Li Peng would come to the square. But Wuer Kaixi announced with his battery-charged loudspeaker to the students in the square: "Words from inside (the Great Hall of the People) say that Li Peng will come out and have a dialogue with us at 1200. Please be patient, everybody." This outrageous lie rapidly went the rounds of the square, which, however, surprised some of the students, who asked: "Shall we clap when Li Peng arrives?" Some puzzled by the lie argued: "Why Li Peng? Except for the issues of expanding educational expenditure, none of the things we petition for fall to State Council's office." Some just did not understand: "Has not the petition been presented to the National People's Congress Standing Committee? Is it proper to put up conditions and organize a petition during a funeral service?"

At 1245 Wuer Kaixi dashed up the steps to the Great Hall and yelled into his loudspeaker: "I protest!" Then Guo Haifeng and two other students walked up the steps, and the next moment they were on their knees. Guo Haifeng, holding high above him the petition, let out a bitter wail, crying: "Li Peng, why on earth do you not show yourself!" Meanwhile Wuer Kaixi egged the students on: Li Peng has cheated us!

By then some clear-minded university students and postgraduates had come to see that the demand that Li Peng present himself—made without preliminary notification, at a time when Li Peng could not possibly be

available, at a location absolutely ill-suited for a dialogue, and that he receive a petition already handed in and whose content did not fall under his jurisdiction—was absurd. Moreover they disapproved of the way these students presented the petition: by kneeling down on the steps. But by then it was impossible for them to voice their scruples: The entire square had been filled with cries and wails, and university students, bitter and angry, began charging toward the Great Hall. A woman student, crying "let them kill me then," threw herself at the policemen.

Having knelt for 10 minutes or so, Guo Haifeng and company sat down. Tension ran high as students had turned extremely hostile. Wuer Kaixi, who had returned to the square, called a short meeting with the representatives of some of the colleges. Shortly before 1400, the student columns started withdrawing from the square and turned to march in the direction of Xinhua Gate, chanting a united slogan: "Peaceful petition, ignored by the government; call up the whole country, boycott school in unison."

IV.

On 22 April, other strange things happened. In the afternoon, as soon as students who attended the memorial ceremony returned to school, some leaflets printed in the Beijing Teachers' University were handed to them. The leaflets read: "At 1230, the representatives of the Beijing Teachers' University told other students that Li Peng would receive them at 1245. However, at 1400, Li Peng still did not make his appearance. The students angrily moved forward in large crowds, but the armed policemen beat up the students with leather belts."

At 1100 in the morning, Yan Jiaqi, Su Xiaokang, and some other people put up a petition letter "requiring the government to hold dialogue" and "not allowing any people to use violence against students" on the walls in Beijing Teachers' University and some other colleges in Beijing.

That day, Fang Lizhi gave a talk to foreign reporters and said in a haughty manner: "If the Communist Party does not conduct sincere dialogue with the students, the development of the situation will not be optimistic." Wang Dan also gladly told foreign reporters: "I believe that this action has produced certain influence."

That day, Hu Ping, Chen Jun, Liu Xiaobo, and other members of the "China Democratic Union," a reactionary Taiwan-sponsored organization jointly issue an open letter to the Chinese college students from New York, calling on them to "consolidate the organizational ties built in the current activities."

The magazine XINGUANCHA brazenly misrepresented the facts. It first fabricated the rumor that "martial law" would be imposed by the public security authorities in Beijing Municipality, then it praised the students for their action of forcibly occupying Tiananmen Square and holding the "main memorial ceremony" outside the

Great Hall of the People. The magazine said: "At noon, three students knelt on the steps outside the Great Hall of the People, demanding that their petition be handed directly to a state leader. However, the leaders were too busy to meet with the representatives of the 100,000 college students." Then the magazine added in an attempt to agitate the people: "The student's kneel-in nailed bureaucratism on the pillar of shame in history."

Under such a political atmosphere, 60,000 college students in Beijing began their class boycotts. Some people began to travel to other parts of the country to instigate students in other cities and to solicit financial assistance among the masses. At the same time, many college students in other localities also began to imitate the Beijing students.

On the same day, serious events of beating, smashing, and looting occurred in Xian and Changsha.

Wang Dan said as early as 16 April that the big-character posters "has begun to change their spearhead" and "if things continue to develop, the current event may be linked to the student activities for commemorating the May 4th Movement." He also said that "many people hope that we will guide things to develop along a certain course." In the week between 16 and 22 April, Wang Dan and his cohort, together with a very small number of plotters behind the scenes, made intensive preparations to engineer the elaborate fraud on 22 April, and their purpose was to "guide" a large number of college students who were unaware of the true facts into the mire of turmoil.

Deng Article Discusses Party Cadre Problems

HK0709100589 Beijing JINGJI CANKAO in Chinese
22 Aug 89 p 1

[Article by Deng Xiaoping (6772 1420 1627): "Cadre Problem of the Ruling Party (29 November 1962)"]

[Text] Editor's Note: This article is a portion of a speech delivered by Comrade Deng Xiaoping when he was meeting with comrades attending a national work meeting on organization and supervision in 1962. The original speech is contained in the recently published "Selections From Deng Xiaoping" (1938-1965) (End editor's note)

The party must administer itself. This means that it must administer party members and cadres. To a ruling party, the key to the party administering itself lies the problem of cadres, because many party members are cadres of higher or lower ranks.

Cadre work involves many aspects, and we have not devised good methods for solving some problems in this regard. Now we have a large number of cadres. We probably have several million, or tens of millions of cadres if cadres of production teams and production brigades are included. Even if the number of our cadres has increased only by 3 to 5 million, it is still a big

problem. In addition, our cadre contingent is getting bigger and bigger. Every year, there are at least 200,000 graduates from universities, colleges, and secondary vocational schools. Every year, several tens of thousands of Army cadres are transferred to civilian work. Over the past 2 years or so, several hundred thousand Army cadres have been transferred to civilian work each year. Comrades in various localities must support the action of transferring Army cadres to civilian work. Otherwise, there are only officers in the Army but without any soldiers, or one officer will only lead two, or three soldiers. This kind of Army is without combat effectiveness. There must be an age limit for officers. If officers are too old, they are unable to move quickly during the war. In particular, a person who is over 40 is not suitable for becoming a regimental commander, because he will face great difficulties in going to the front to conduct reconnaissance, carrying out topographical survey, or climbing over a snowy mountain. Only those who are younger can do better in this regard. Recently, we deliberately transferred some Army cadres to the commercial sector so that they would become the backbone in the field. Commercial departments in various localities must accept these cadres. This is the decision of the central authorities. They are not allowed to refuse to accept them, because of their difficulties in making arrangements. Furthermore, we must always promote some new cadres. Taking all these points into consideration, we know that every year the number of our cadres will be increased by about 3 million. The actual increase might be higher than this.

For many years in the past, we took care of everything concerning cadres. Our cadres can only work at the higher level, but not at the lower level. Now it is obvious that this practice has a very great side effect. We are facing this difficult problem which has not yet been solved to date. The only solution for this is that we must enable our cadres to work at the lower level. This is a strenuous work. First of all, we must get our thinking straightened out. We should say that the problem does not lie in pay and conditions for cadres. To solve the problem of pay and conditions, we can retain the salary and grade of the cadres concerned. The problem lies in positions. Now we have too many deputy posts. In a military region, two dining tables are needed when deputy military commanders are having their meal. This is also the case with vice provincial governors, deputy directors of provincial bureaus, and provincial deputy party secretaries. We have been facing this problem for many years. Both the central and local authorities are considering it, but it has not yet been solved. To solve the problem, we must do a lot of work. We must persuade our cadres, and create an atmosphere encouraging our cadres to work at the lower level. Their pay and conditions in daily life, and political treatment must not be downgraded. We must persuade a number of comrades to take honorary posts. For example, in a county they can become members or vice chairmen of the Chinese People's Political Consultative Conference (CPPCC) of the county. In a province, they can also take

similar posts. Some cadres can be transferred to the lower level to replace cadres there. They must be encouraged to return to production, but their pay and conditions will remain unchanged. With regard to those comrades who are completely unable to work, we can simply ask them to leave their posts, so that they can continue to rest and recuperate. We can also ask them to take honorary posts. The problem of cadres being willing to work at the higher level only has become an obstacle to our work. Although it cannot be solved at one go, we must continue to make our efforts to solve it gradually.

Recently when the Central Secretariat held a meeting to listen to the report on organization work, I raised the issue of enabling our cadres to work at the higher and lower levels. I proposed that an experiment be first conducted at the grass-roots level. For example, at the expiration of two terms of office, a party branch secretary may return to production. After taking the post of production brigade leader for 2 years, the cadre can again become a commune member. Cadres must be able to work both at the upper and lower levels. They must be able to lead, or be led by other people. When they are led by others, they can also help the leaders. The former party branch secretaries help their successors. The former production brigade leaders can also help their successors. After 1 or 2 years, the older cadres can again be elected production brigade leaders or party branch secretaries. The same method can correspondingly be applied to enterprises or schools. This means tempering cadres themselves. The central authorities have not discussed this issue. This is the first time for me to raise it. It is no good for a cadre to work too long in the rural grass-roots level. When a cadre has become a party branch secretary for 10 or 20 years, he will form a "small group" around him, and his remarks are simply regarded as "imperial edicts." This is harmful to carrying forward democracy and implementing democratic centralism. When this cadre becomes a rank-and-file party member under a branch party secretary, or a common commune member under a production brigade leader, he can review his work and work style when he was a party branch secretary, or production brigade leader. This will be beneficial to carrying forward democracy. With regard to this problem, I hope that you will discuss it with leading comrades of the central bureau, or provincial, municipal, or autonomous regional CPC committees, and see whether an experiment can be conducted. As far as I am concerned, I think that this might be a good method, and that it is, at least, not harmful. We must neither arbitrarily send technical cadres in an enterprise to the lower level, nor ask engineers to become workers. It is no good either to arbitrarily ask a workshop leader to become a common worker. The experiment must, first of all, be conducted among party-member administrative and management cadres. For example, cadres at factory administrative level can be transferred to the lower level to become workshop leaders. New arrangements will be made for them after taking the posts for 2 years. Why should you always lead others, but not vice versa?

In a word, we must start our work at the grass-roots level. We must ensure the feasibility of the practice of enabling our cadres to work at the higher and lower levels in terms of the system, customs, and atmosphere. In this regard, we lag behind a capitalist society. In the capitalist society, officials can work at the higher and lower levels. I am not clear about the situation in the Soviet Union. This is a big problem facing us.

We must strengthen the work of administering and supervising our cadres. Recently Comrade Liu Shaoqi criticizes us for our failure to do well in recent years the work of appraising our cadres. Organization departments must do the work well. Supervision over cadres covers no more than the following aspects. First, regular party organizational activities. Party-member cadres must take part in such activities. An enlarged central work meeting held in last January stressed that many senior cadres take part in the party organizational activities only in their branches. It is thus more difficult to exercise supervision over them. We have such experience for many years. At that time, we pointed out that party organizational activities can be carried out once a quarter, or once half a year in a party committee, or a leading party group to discuss work, make some criticisms and self-criticisms, and see whether the guiding principle and policies are correct, and whether great and resolute efforts have been exerted. This is not only a matter of self-cultivation of individuals, but also a kind of supervision, and a kind of party organizational activity. It is better to apply such a method to some cadres. This has been affirmed. Now the problem is what action should be taken. Generally speaking, all party members and cadres must frequently take part in the organizational activities of party branches, and accept the supervision of the party. The implementation of democratic centralism is a kind of supervision. Supervision includes supervision by party members and the masses, and supervisory system of the party. Appraisal of party members is a kind of supervision exercised by organization departments over cadres. Our supervisory work mainly means supervision over cadres, including responsible cadres. Even if these cadres are not cadres of the same grade, they are, at least, some responsible cadres. We must promote regular work for administering and supervising cadres. This kind of work is very helpful. If we constantly grasp the work, it is easier to solve problems of our cadres. It will be very strenuous to try to solve them through merely launching a political campaign.

Another problem in our cadre work is the problem of the exchanges of cadres. This is a decision made by the central authorities. The problem now is how to implement it. Exchanges of cadres must be carried out from top to bottom. Concerning exchanges of cadres who are administered by the central authorities, the Central Organization Department will make proposals which must be approved by the central authorities. Regarding exchanges of cadres who are administered by the provincial party committee, the provincial organization department will also make proposals which must be approved by the provincial party committee. Exchanges of cadres

are not based on proportion, or figures proposed by the lower level. They are carried out on the basis of needs. According to Comrade Shaoqi, the proportion can be less than 5 percent, or more than 5 percent. In some localities, there is no need to exchange cadres. The central authorities propose that during the first exchange of cadres, the number must not exceed 5 percent of the cadres of the same grade. The purpose in proposing this proportion is to avoid transferring an excessive number of cadres, or the practice of transferring cadres on a grand and spectacular scale. We must be more careful and meticulous. The reason why we transfer cadres is not completely because they have committed mistakes. Some are transferred because they have committed mistakes, but some are not. Anyway, it is good to exchange cadres. If those who are familiar with each other work together too long, they will get used to each other's language. They will react slowly to matters, and consider things carelessly. It is better for our cadres to listen to newer language, or experience newer things. If they stay here and there, they will come into contact with more people, and acquire more knowledge. One point I want to add is that sometimes the situation of "each having his own axe to grind" has occurred, not because someone is unqualified, or has committed mistakes, but because of poor cooperation. An enterprise, school, or party committee can face such problem. When such a problem has occurred, why don't we transfer some of the cadres there. If we transfer them to some other places with their posts remaining unchanged, they might do better and cooperate well with others. Some cadres cannot cooperate well with his colleagues in this or that place. When we transfer his work repeatedly, he will be clear about his shortcomings and defects. Our purpose in exchanging cadres is to steel our cadres, make our work more convenient, and to create good working conditions for various units and various party committees.

We must strengthen the study of our cadres. The Army must, first of all, encourage its cadres to study. I believe that the decision of the Military Commission is correct. Local cadres must also study and promote an atmosphere of study. They can study a lot of things. I will not talk here about what they must study. In a word, they must study Marxism-Leninism-Mao Zedong thought. They can learn a lot from it.

I would like to say something about party schools and training in rotation. The Central Propaganda Department and the Central Organization Department have considered the issue recently. They consider the matter of separating party schools from training in rotation. The idea might probably be right. When one is studying in a party school, he must stay there for a longer period of time. A party school is also responsible for training theoretical cadres, and students must study in the party school systematically. Training in rotation needs a shorter period of time. A party school can probably be divided into two parts. One part is responsible for regular study, whereas the other part is responsible for training in rotation. Teachers can also be divided into

two sections. The Central Party School is considering restoring the practice of dividing itself into two parts. The central authorities have not yet officially considered this matter. I myself favor this view. Various localities can study and pay attention to this matter. It is obvious that if we fail to run party schools constantly, we will suffer from losses. During a period of time, we neglected this problem, and changed our policy quite frequently. Some localities have completed the task of training cadres in rotation, but some have not. Those which have not completed the task must continue to accomplish it. Those which have completed the task may consider training in rotation of the second round. It is not necessary for training in rotation of the second round to last 1 and 1/2 months, or cover the same course. For example, with regard to the 10th Plenary Session of the 8th CPC Central Committee, training in rotation of the second round can be provided. We can spend 10 days, or 15 days, or 1 week on discussion without being interrupted by work. We can also concentrate our efforts on discussing a certain question during a certain period of time. Both the central and local authorities can consider this problem.

During the training in rotation, do we still need the practice of "three nos?" The "three nos" means no seizing hold of the mistakes and shortcomings of someone, no pinning political labels on others arbitrarily, and no wielding big sticks. The Central Secretariat has discussed this issue, and decided that the "three nos" are still needed. The principle of "three nos" proposed by the central authorities must continue to be implemented in the training in rotation. In the past, there were some defects in the implementation of the principle of "three nos." In other words, only those who had been criticized could vent their spleen. Those who criticized someone, no matter if the criticism was correct or not, did not dare to speak out. Some people dared to speak out, but some other people did not dare to do so. Since we have advocated the principle of "three nos," we must implement it. In a word, we must follow Chairman Mao's instructions: "Say all you know and say it without reserve," and "blame not the speaker but be warned by his words." We must promote an atmosphere for following the instructions. The principle of "three nos" has only reflected the instruction "blame not the speaker." Each sentence in the instructions is stressed in accordance with the need of a certain time. But when the four sentences are put together in the instructions of Chairman Mao, they completely cover everything. They are included in the decision of the central authorities on the training of cadres in rotation. The decision on training in rotation includes not only the "three nos," but also other "nos." For example, no minutes will be taken at a group discussion. We must advocate the practice of "saying all you know and saying it without reserve." We must tell the truth. If we have said something wrong, we can correct them. Just as Chairman Mao and Comrade Shaoqi has pointed out, we are not afraid of the open opposition inside the party, but we are afraid of the practice of playing tricks and embarking on

conspiracy. There must be opposition. As long as it is an open one, we are not afraid of it. The situation is normal if everyone can "say all he knows and say it without reserve." If something lopsided has occurred in the course of implementing the principle of "three nos," we can correct it. In a word, we must implement the democratic centralism proposed by Chairman Mao at the enlarged central work meeting held last January.

Deng Gives Blessing to Tianjin Port Project

HK0209023989 Hong Kong HONGKONG STANDARD in English 2 Sep 89 p 1

[By Fan Cheuk-wan]

[Text] Paramount leader Mr Deng Xiaoping has given his blessing for Tianjin to go ahead with a progressive development plan modelled on Hainan's controversial Yangpu project.

The Mayor of Tianjin, Mr Li Ruihuan, who was recently elected to the Politburo Standing Committee, is believed to have played a key role in pushing the plan through.

The central government last month gave Tianjin approval to lease large areas of land in the Tianjin Economic Technological Development Area to foreign investors for development.

The approval is understood to be another move by Mr Deng to show Beijing's dedication to continuing its open-door policy.

Mr Wang Shuzu, deputy director of the Tianjin Municipal Commission of Foreign Economic Relations and Trade, yesterday told THE HONGKONG STANDARD the central government had agreed to Tianjin's proposal to develop its port project based on the Yangpu model.

Mr Wang said Mr Deng strongly supported the proposal.

"Similar to the Yangpu project, we will lease land to foreign developers with equally high autonomy," he said.

Mr Wang said Tianjin was prepared to lease land for up to 70 years.

"Foreign investors in Tianjin are allowed to apply capitalist methods in planning and administering their investments, as in special economic zones," he said.

Early last month, the Tianjin government signed a contract with MCM Development Company of the United States to transfer land-use rights for 5.36 square kilometres for 70 years.

Under the contract, MCM is required to pay only U.S.\$3.25 a square metre annually, which is considered a low price.

Mr Wang said the Tianjin government welcomed Hong Kong and Macao investors.

"There is still plenty of land for leasing," he said.

The Hainan provincial government had approved a plan to lease, for 70 years, 30 sq km of Yangpu Port to a Japanese consortium led by Hong Kong-based construction giant Kumagai Gumi to build China's first free port.

But the eight autonomy enjoyed by foreign investors in the multi-billion-dollar Yangpu project sparked off serious controversy among Chinese leaders.

Delegates to the National People's Congress and Chinese People's Political consultative conference in March attacked the project as "selling out sovereignty to the Japanese".

Student protesters in Shanghai also criticised the Yangpu plan in the May pro-democracy movement.

However, Mr Wang said the Tianjin project would not have the same problems because the municipal government would monitor development of all projects.

"Although foreign investors will enjoy special rights and high autonomy, they will be under Chinese laws," he said.

Importance of Four Cardinal Principles Emphasized

OW2708062089 Beijing GUANGMING RIBAO in Chinese 20 Aug 89 pp 1-2

[Article by Xiao Hai (2556 3189): "To Negate the Four Cardinal Principles Is Precisely To Negate the Interests of the Overwhelming Majority of the People in China"—originally published in issue No 8 of "ZHIBU SHENGHUO"]

[Text] While receiving cadres of the martial law units in the capital at and above the Army level, Comrade Deng Xiaoping made this penetrating analysis of the events in Beijing, which developed from student unrest to turmoil and from turmoil to counterrevolutionary rebellion: "The nature of the current incident is the confrontation between the four cardinal principles and bourgeois liberalization." In other words, the incident which developed from student unrest to turmoil and from turmoil to rebellion was the outcome of the pernicious spread of the ideological trend of bourgeois liberalization which aimed at completely negating the four cardinal principles. On the other hand, the struggle to end the turmoil and to quell the rebellion was carried out because of the need to uphold the four cardinal principles and to completely negate the ideological trend of bourgeois liberalization.

A very small number of people, including Fang Lizhi, Wang Ruowang, Liu Binyan, and Yan Jiaqi, used every opportunity over the past few years to spread bourgeois liberalization and to negate the four cardinal principles. They advocated "total Westernization" in such matters as "ownership," "political structure," and "ideology," and called for the all-round "import" and "transplantation" of the capitalist system in China to achieve what they called "private ownership in the economic field,

multiparty system in the political field, and Westernization in the cultural field." This "total Westernization" theory certainly is not acceptable to the Chinese people. However, it did have a bad influence on a number of people, particularly on a number of young intellectuals with only a scanty experience in life. A leaflet entitled "A Letter to Youths Throughout the Country," which surfaced during the turmoil, openly demanded "the removal from the constitution of the deeply hated 'principles' and the 'upholding of the principles.'" In light of this, it is necessary to have a penetrating discussion of all the issues.

In discussing major political issues in China today, it is necessary to test every argument by this criterion: namely, does it accord with the interests of the overwhelming majority of the people in China? This criterion is the very essence of "people's democracy." Therefore, it also is necessary to use this criterion to evaluate the different kinds of argument which negate the four cardinal principles and advocate bourgeois liberalization.

Fang Lizhi said: "I like the idea of total Westernization." He also told people in specific terms: The content of "total Westernization" includes "ownership." Wang Ruowang made it very clear as long as 2 years ago when he said: "I would like to discuss the question of the capitalist mode of production, which precisely is what is needed, urgently needed in China." He also said: "The main element of capitalism is called free economy." "The Declaration of Private Ownership—China's Hope," which surfaced during the turmoil, made an even wilder call for the "early sounding of the death knell of public ownership." We would like to ask: Does China today truly "need" to copy the capitalist mode of production; namely, the "free economy" based on capitalist private ownership? Do they dare to say who among the Chinese people "urgently need" it and whose "hope" it is?

What would happen if we indiscriminately copied the capitalist mode of production in China? Let us take the U.S. pattern, which is the most admired among the advocates of "total Westernization," and make some "simulations" and "predictions." According to statistics compiled by Ian Robertson, a U.S. sociology expert, the richest one-fifth of the American population owns 76 percent of the national wealth, while the poorest one-fifth owns only 0.2 percent of national wealth and another one-fifth of poor Americans owns an additional 2.1 percent. This shows that four-fifths of Americans own only 24 percent of the national wealth; these Americans own less than one-third of the per capita national wealth, of which the per capita wealth of one-fifth of poor Americans is only 10.5 percent, or less than one-ninth of the national per capita while the per capita wealth of the poorest one-fifth is only 1 percent of the national per capita wealth. It also should be pointed out that according to statistics, "millionaires" (including multimillionaires and billionaires) account for only 1 percent of American families. Therefore, even among the one-fifth of the American population classified by Robertson as the richest, the per capita wealth of the

majority of them is below the national per capita. What would it mean if this pattern were copied indiscriminately in China? It would mean that, to make 1 percent of the 1.1 billion Chinese "millionaires," 1,089 million Chinese would have to lose, to varying degrees, their property: 880 million of whom would have to give up two-thirds of their total property, 220 million of whom would have to hand over eight-ninths of their property to others; and another 220 million of whom would have to give up 99 percent of their property. We would like to ask: Will the 1,089 million Chinese "appreciate" such a prospect?

The United States is a very rich country, but it still has many poor people who do not have enough to eat. According to statistics compiled by the U.S. Census Bureau in August 1984, 15.2 percent, or 35 million Americans, were below the "poverty line" in 1983. According to U.S. official standards, below the "poverty line" means "no movies, rarely eating meat, no dental care, no newspaper subscriptions, few clothes, and so forth."

Some people said: "Even the poor in the United States are better off than us." This remark is off the mark. It is probably true that the living conditions of the American poor (not to mention the mental distress and humiliation caused by exploitation) are better than those that exist in a small number of poverty-ridden areas of our country. It would not be right, however, to say that the American poor are better off than the majority of Chinese. A large number of people in the United States suffer from hunger and thousands upon thousands are homeless. After reading a report on the subject, even former U.S. President Reagan could not but sigh: "The United States should be the richest land in the world. Children, old folks, abandoned mothers, and the handicapped should not suffer from hunger. I admit that I am deeply disturbed by this report." Sure, the president was helpless even though he wanted to show a minimal "humanitarian" attitude!

This is the result of their system, the inevitable results and prerequisites of the capitalist mode of production. The question we should be pondering seriously is this: If the situation in the United States, "the richest land in the world," is such, then what kind of an inhuman situation would emerge if the capitalist system were to be copied indiscriminately in China? Here we should bear in mind that there is still a big gap between the per capita gross national product of China and the United States. If China were as polarized as the United States, where should we draw our "poverty line?" How high would our poverty rate reach? It is not difficult to imagine that the overwhelming majority of Chinese would return once again to the misery of hunger, poverty, and homelessness. The reason is very simple: You may advocate polarization, but you cannot "share" the United States' wealth; you can only share China's wealth. In other words, you can only share (in fact, take away) the property of the overwhelming majority of the Chinese.

Some people remarked: Instituting the exploitative system would be accompanied by a little pain, but not horror, because capitalism could make the country prosper in the long run. This is a casual, but not an intelligent remark. While practicing capitalism for 2 centuries or so, the United States has plundered not only the people of its own country, but also those of others. We may copy the American mode of production, but can we copy the history of the United States in plundering the people of other countries over the past 200 years? Obviously, not. On the contrary, modern history has shown us that the Chinese attempt to learn from and to mechanically copy the Western system led to the semi-feudal and semi-colonial society, a target of imperialist pillage. Between the 1840 Opium War and the eve of the founding of New China, the imperialist countries looted several billion liang [a unit of weight, equal to 50 grams] of silver from China. Should China today plunge itself once again into the capitalist world, the country would forfeit its independence and become a target of plundering again, or, at the best, become a vassal dependent on a Western bourgeois superpower. Furthermore, capitalism is not as "magical" as it is imagined by some people. The growth rate and people's livelihood of many developing countries taking the capitalist road, including the other Asian neighboring giant, are not worthy of the peoples' envy. Nevertheless, by adhering to the socialist system, with public ownership as the predominant force, and by persisting in the policy of reform and opening to the outside world, China has improved noticeably the living standards of its people within a short period of 10 years. How can the replacement of the socialist mode of production, which already has yielded fruitful results, with the imaginary capitalist mode of production be called a fulfillment of the people's "pressing needs" and "aspirations?" To put it bluntly, copying the capitalist mode of production to realize the polarization of society can only meet the "pressing needs" and aspirations of a "millionaire" coveted by a very tiny number of advocates of bourgeois liberalization.

Regrettably, however, there are indeed people voicing such "pressing needs." Speaking in an obvious tone of a millionaire, Liu Binyan remarked a few years ago: "If I were in the United States, I would have at least 30 assistants. I would not need approval from Reagan and Shultz.... It would depend on social adjustment. Very simply, it would depend on money!" "For writing the book 'Between Man and Monster,' I would be able to fetch US\$500,000 or US\$1 million. Wouldn't all problems be solved?" However, Liu Binyan was able to speak in a subjunctive mood, but what kind of "hypothesis" can ordinary people in China make? Should we be "adjusted" by American style society, we could only be the "assistants" of "assistant aides" hired with "money." Liu Binyan's remark is too "blunt" and cannot be appreciated by the overwhelming majority of the Chinese people.

Supporters of "total Westernization" take delight in talking about bourgeois-style "freedom," "democracy,"

"election campaigns," and "parliamentary politics" and advocate that these be copied in China. During the turmoil, some people openly called for "abolishing Communist Party rule and enforcing the multiparty system." A very few people also instigated the establishment of various illegal organizations and tried to force the party and government to recognize them. Their goal was to pave the way for the establishment of opposition factions and parties in China.

Let us now try to imagine what it would be like if a "multiparty system" truly were realized in China?

The "multiparty system" in the capitalist world also takes a variety of forms. In some countries, two political parties alternate in ruling the country, while in others, three or five political parties maneuver among themselves. In still other countries dozens of political parties frequently bicker with each other in factional strife. In some countries, multiple parties are allowed to take part in election campaigns in name only while in reality only a single party rules the country indefinitely.... What kind of "multiparty system" do you want to copy? Actually, this is not a matter to be decided or designed by someone according to his wish; it is something that will be decided by historical conditions. What merits our attention is that many developing countries in the world have tried to copy the West and practice the bourgeois "multiparty system," but often end up having dozens of political parties and factions. The endless factional strife among so many parties and factions have placed these countries in eternal turmoil. Some countries have gone through 10 or more coups in less than 10 years. As a result, there is no peace in these countries, and the people have no means of livelihood. Are not the ordinary people the ones who suffer the most?

What kind of situation would it be like if a "multiparty system" would be practiced in China? We can take a look at the history: During the years of the republic [from 1911 to 1949], China witnessed the craze of "forming political parties" on numerous occasions. Dozens of political parties would appear, and more than 100 existed at one time. Many groups and factions which never took part in political activities suddenly made their debut on the "multiparty" political stage amid pipes and drums. The "China Democratic Party," which surfaced after the War of Resistance against Japan, was founded by the proprietress of the Chungking International Dance Hall in the midst of the sound of dance music. The noisy and disorderly situation indeed appeals to all types of careerists, opportunists, and politicians. However, does it benefit the overwhelming majority of people in China?

If, today, we deleted the provision of upholding the Communist Party leadership from the Chinese Constitution and reverted to the practice of "multiparty politics," then would it be necessary to legalize such counterrevolutionary organizations as the "Chinese People's Party for Protecting the People" and the "New National Social Democratic Party" uncovered 2 years ago, the

"Chinese Youth Democratic Party" uncovered in Shanghai during the recent turmoil, and the "Alliance of the Opposition Democratic Parties of the Chinese People" uncovered in Qinghai? Would those organizations that appeared and presented their specific programs on the "Xidan Wall" several years ago be allowed to openly form parties? Moreover, would the numerous "corps" and "fighting teams" that appeared in the 10-year "Cultural Revolution" be allowed to rise up again and display their skills in the arena of "multiparty politics"?

China is a big country with a population of 1.1 billion. It is also a country influenced intensively and extensively by the petit-bourgeois tradition. If we practiced the capitalist production mode and, therefore, "multiparty politics" in China, we might set a world record in the number of parties, but our nation would once again be divided and become "a pile of loose sand." In that case, how could there be any interests of the broadest masses of people?

Invariably, politics is an expression of economic interests. In the capitalist society, the interests of the bourgeoisie clash sharply with the interests of the proletariat and the petty bourgeoisie. Sharp clashes in interests also exist within the bourgeoisie. This is the social basis for the creation of "multiparty politics." Generally speaking, "multiparty politics" meets the needs of rule by the bourgeoisie and the oppression of the proletariat and other masses of people. The reason is that it is very "democratic" in form, but can fulfill the task of bourgeois dictatorship in essence. Under certain historical conditions when it is no longer practical to carry on "multiparty politics" even in form, the system can be turned into a "one-party autocracy" at any time. This was the case of the fascist parties of Germany, Italy, and Japan before World War II.

Some people describe the Communist Party leadership as "one-party autocracy" or "one-party dictatorship." This is either a vicious attack or an indication of stupendous ignorance. Of course, the Communist Party is a political party, but it is a new political party different from all bourgeois and petty-bourgeois political parties. With Marxism as its guiding ideology, the Communist Party was created on the basis of proletarian interests. For this reason, it may be described as the political party of a certain class. Since the proletariat has "no private property" and its class interests are identical with the interests of the vast majority of people and with the common interests of all mankind, the Communist Party, as a proletarian political party, has no private interests in any sense. Accordingly, when the Communist Party is the ruling party, there is absolutely no such thing as "one-party autocracy" or "one-party dictatorship." What does exist is "the people's democratic dictatorship." It means the democracy of the overwhelming majority and the dictatorship over a very few reactionaries.

It should also be noted that while there is no "multiparty politics" in our country, there is multiparty cooperation

under the leadership of the Chinese Communist Party. The democratic parties in our country are political parties tempered and tested in long-term practical revolution and construction and respected by the people. They are political parties participating in the exercise of our country's political power, playing a role in our government's work, and making concerted efforts for our socialist cause under the leadership of the Communist Party. They are also part of the mainstay of the people's democratic dictatorship. The party programs of these democratic parties all contain the unequivocal principle of supporting the leadership of the Communist Party. This is because historical experience has proven that only with the Communist Party leadership can there be a new China and a socialist modernization program in China. To deny the Communist Party leadership is to deny the interests of the overwhelming majority of the Chinese people. This is the essence of the question.

Advocates of "total Westernization" describe the American system of two parties assuming power in turn as an exemplary model of "democratic politics." As a matter of fact, this is a myth that even the Americans themselves do not believe. Many upper-stratum Americans have said openly: "American democracy is, in reality, U.S. dollar democracy." The American political party, whether it be the Republican or the Democratic Party, has to obey the batons of the three big U.S. consortiums (the eastern consortium, the southwest consortium, and the midwest consortium). Both parties share the same position in regard to major policies, and both support the common interests of the monopoly bourgeoisie and bourgeois dictatorship. This is a fact known to all. If we introduced this "U.S. dollar democracy," or "U.S. dollar dictatorship," into China, wouldn't that lead to the total loss of the democratic rights already obtained by the overwhelming majority of the Chinese people?

If the Ideology of Western Society Were Actually Introduced to China

Advocates of "total Westernization" have also tried their best to calumniate Chinese culture. Fang Lizhi said: "To be absolutely frank with you, I do not go along with the slogan of patriotism," and "if a culture is hopeless, why not just let it fall apart?" Besides, they are deeply in love with the Western "culture, morality, theory, and ideology." Of what does the bourgeois ideology of the West consist? Of course it includes some achievements made by human civilization in the course of progress. But essentially speaking, it is nothing but bourgeois ideas such as individualism, hedonism, and money worship, not to mention some "new" ideas like "sexual liberation" and so on. What exactly are the things admired by advocates of "total Westernization"? The answer is very clear if we review how they have vigorously calumniated selflessness, common ideals, the spirit of waging hard struggle, and the Lei Feng spirit over the years.

In this connection, an advocate of "total Westernization" in Taiwan has put it quite "frankly." He said: "Modern Western culture is like a beautiful lady. If you

want to possess her, you must possess all her good points as well as 'drawbacks.' If we desire their cucumbers, onions, tomatoes, watches and clocks, glasses, Simmons mattresses, and reserve officer systems, we have to endure syphilis, body odor, bars, traffic accidents, divorce, teddy boys, burlesque, and the madness that accompanies rock and roll." He criticized "those who refuse to completely accept the modern Western culture," saying they "do not understand the essence of cultural transplant" and "do not truly realize that culture is actually a 'complete entity.'" This is an extremely interesting remark. From this we can understand the strange logic of advocates of "total Westernization," and take a peek at the lively picture after "total Westernization" is achieved.

Western culture, like any other culture, has both quintessence and dregs. Why can we not analyze this type of culture before deciding what should be developed and what should be discarded? Why should we first assume that we should "possess her" in entirety before inferring that it is impossible to eliminate "her" repulsive features? Why should the Western culture be "transplanted" as a "complete entity"? Is it because China is fundamentally void of its own culture, or because today's China has not developed a culture with a higher quality?

The problem is still in the premise itself. Why do advocates of "total Westernization" "admire" Western culture as a whole? The overwhelming majority of Chinese people may also state, in the first place, that they have never admired Western culture as a whole.

This touches on the question of how we look at the persistent social ills that have plagued Western society in its entirety, namely, drug addiction, drunkenness, robbery, murder, suicide, divorce, prostitution, homosexuality, syphilis, AIDS, and so on. These social ills of the West are truly the stuff "brought about by their ideology and their ideological foundation." Let us still take the United States, which is most revered by advocates of "total Westernization," as an example. Of the more than 200 million people in the United States, as many as 30 to 40 million people constantly use illegal narcotics. Some 7 to 8 million people are chronic alcoholics, and the number of alcoholics is increasing by as much as 500,000 each year. Some 20 million people are using drugs to "overcome anxiety," and some 51 percent of the elderly people have become addicted. Some 200,000 people are confined to mental hospitals. In the 20 years from 1958 to 1978, the divorce rate increased by more than 3 times, which means that one out of two married couples is divorced. Official statistics of 1977 showed that some 30,000 people committed suicide and some 20,000 people were murdered each year.

The overwhelming majority of people in China will not admire these repulsive features of Western society, nor will they agree to introducing them to China. Since this is vital to the peace and happiness of each and every family and individual in China and to the revitalization of the Chinese nation, the overwhelming majority of the

people in China will of course oppose and resist the pollution by Western bourgeois ideology. This is nothing to wonder about.

The Interest of the Great Majority of Chinese People Lies in Building Socialism With Chinese Characteristics

The socialist system was chosen and built by the Chinese people after repeated explorations for more than 100 years.

The 40-year history of the socialist system in China proves that it conforms to the interest of the great majority of the Chinese people.

It is the socialist system that has enabled the Chinese people to be rid of the situation of division and disunity; achieve an unprecedented unity; have common aspirations, interests, and causes; and unite with strong integrity.

It is the socialist system that has put an end to the history of China being bullied and trampled upon by others, made Chinese people stand up again in the international arena, and turned China into a sovereign state that no superpowers dare look down upon and almost all developing countries and developed countries respect.

It is the socialist system that has enabled us to achieve a progress in construction that old China did not make in several hundred or even several thousand years. The socialist system has enabled us to greatly narrow the economic gap between our country and developed capitalist countries, and to greatly enhance our national strength.

It is the socialist system that has enabled the people in most regions of a country with a population of 1.1 billion to attain self-sufficiency in food and clothing and even have a little to spare. Particularly in the last 10 years, the people's living standards have greatly improved.

It is the socialist system that has given the Chinese people the status of masters for the first time, and enabled them to engage in construction as the masters of their own affairs. It has enabled the Chinese people to make one sure progress after another in the road of people's democracy.

It is the socialist system that has created thousands upon thousands of young people like Lei Feng; workers like "Iron Man" Wang Jinxi; intellectuals like Luo Jianfu and Jiang Zhuying; cadres like Jiao Yulu; and "Guards of the Republic" like Liu Guogen, Wang Qifu, Li Qiang, Du Huaqing, Li Guodong, Wang Xiaobing, Xu Rujun, Cui Guozheng, Ma Guoxuan, and Wang Jinwei. It has made the whole society advocate a selfless communist thinking.

It is also the socialist system that has enabled us to defeat various natural disasters and man-made calamities, overcome our own deviations and mistakes, and continue advancing after setbacks.

Today, the Chinese people are engaging in a new creation under the guidance of the correct line, principles, and policies of the party laid down since the 3d Plenary Session of its 11th Central Committee. The creation is not isolated or closed. It is a creation undertaken by the Chinese people with their intrinsic broadmindedness to absorb all positive results of human civilization, but it is a socialist creation. We have already made some progress in the undertaking, and are anticipating greater progress. We are confident that after we realized considerable economic development to raise our per capita income to \$4,000, our life will be better than that of the American people with a per capita income of more than \$10,000, because our prosperity will be a common prosperity. Moreover, we will be able to make greater progress in building socialist spiritual civilization, and show further to the whole world the superiority of the socialist system over the capitalist system then.

We want to "build socialism with Chinese characteristics, and we don't want a "totally Westernized" "bourgeois republic," and this is our conclusion based on the interest of the great majority of the Chinese people.

Teleplay Presents Lin Biao in Positive Role

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in Chinese 7 Sep 89 p 3

["Special" dispatch from Beijing: "Lin Biao Appears in Mainland's Teleplay and Plays a Non-Negative Role for the First Time"]

[Text] The Central Television here is presenting to its audience a new teleplay series, in which Lin Biao appears in a positive role.

This six-part teleplay entitled "The Xinkou Campaign" portrays the heroic feats of the Eighth Route Army, the Kuomintang (KMT) Central Army, and the Shanxi-Suiyuan Army joining forces to fight against the Japanese invaders at the early phase of the War of Resistance against Japan. There are nine appearances of Lin Biao's image in more than 10 shots in part two of the series.

Together with Nie Rongzhen, Lin Biao, who was commander of the No 115 Division at that time, organized and conducted the Pingxinguan Campaign. In the teleplay, Lin Biao is in a gray uniform, with leg wrappings. He appears to be steady, a man with few words but resolute actions. The play also gives portrayal of the fact that Peng Dehuai visited Lin Biao, when the former learned that Lin Biao had been wounded in the Pingxinguan Campaign.

The role of Lin Biao is played by an actor named Tian Yong [3944 3941], who has thick eyebrows and slanted eyes, and takes after the younger Lin Biao in those days.

It has been 10 years or so since Lin Biao's image appeared in Chinese movies and plays, but invariably he was in a negative role, and the image of a traitor. Earlier in the movie "Zhongshan Under the Storm," Lin Biao

appeared by the conference table in the peace negotiations with the Kuomintang (KMT). Later, in the movie "Four Crossings of Chishui," which portrayed the Long March, a character was seen conducting the battle with Nie Rongzhen. The character looked like Lin Biao, and spoke the Hubei dialect, but he was not explicitly referred to as Lin Biao. Now in the teleplay "The Xinkou Campaign," it is the first time for the image of Lin Biao to appear before the audience in a positive role.

Song Jian Cited on Environmental Protection

OW0109111989 Beijing Domestic Service in Mandarin
2130 GMT 31 Aug 89

[Text] To greet the 40th founding anniversary of the PRC, "Environmental Protection in China," a series of broadcasts jointly sponsored by the State Environmental Protection Bureau and this station will be aired, beginning today. State Councillor Song Jian has made the following opening remarks about the program.

[Begin Song Jian recording] The State Environmental Protection Bureau and the Central People's Broadcasting Station have jointly sponsored a series of broadcasts on environmental protection in China on the eve of the 40th founding anniversary of the PRC. I think it is a very meaningful activity. Following the nation's economic development over the past 40 years since the founding of the people's republic, environmental protection in China, starting from scratch, has made rapid progress. It is now playing an increasingly important role in the people's daily activity and national development, and has gained increasing support from the party and state.

Environmental protection has been included in China's Constitution. On behalf of the State Council, Comrade Li Peng unequivocally declared in 1983 that environmental protection is a strategic task in China's modernization program, as well as a basic national policy. At the 13th CPC National Congress, it was especially pointed out that environmental protection and ecological balance are vital issues related to China's overall economic and social development.

Over the past 10 years of reform and opening to the outside world, China has made great progress in environmental protection. A system of policies, laws, and regulations have initially taken shape; environmental management is continually being perfected; relatively rapid progress has been made in the prevention and control of industrial pollution; initial results have been achieved in environmental control in urban areas; protection has been strengthened for China's ecology system; and the environmental consciousness of the whole people has been markedly enhanced.

Of course, China's environmental protection still faces serious challenges. How to avoid the early experiences of the industrialized nations in economic construction, how to continually make the ecological environment able to bear the burden of economic development, and

how to improve China's environmental quality are tasks of great concern, not only to the party Central Committee and the State Council, but also to the people of the whole nation as well.

I believe the broadcasts on environmental protection will surely make more citizens pay attention to, and support, the environmental protection cause; and that, with the participation of everyone, our environmental protection cause will surely gain even greater public support and our beautiful land will surely become even more beautiful. [end recording]

By citing a host of facts and examples, the series of broadcasts on environmental protection in China will tell us China's continual progress in environmental protection and reveal the status quo in China's environment. The program will also reveal a common concern and consciousness about environmental protection shared by everyone from party and state leaders down to China's young children, and describe to us China's unique style in environmental protection.

The program is divided into five parts. They will be aired by this station in its news cast on Program No 1 at 1000 on 1, 2, 4, 5, and 6 September. You are welcome to tune in.

Wang Zhen Attends Meeting Honoring George Hatem

OW0209073489 Beijing XINHUA in English
0651 GMT 2 Sep 89

[Text] Beijing, September 2 (XINHUA)—Vice-President Wang Zhen joined hundreds of Chinese leaders and representatives from various circles and overseas friends in commemorating George Hatem (known in China as Ma Haide), a noted leprosy expert, at a grand meeting in Beijing today.

"With his noble communist convictions and boundless love for the revolutionary cause of the Chinese people, Hatem dedicated himself to the Chinese revolution and construction for more than half a century," Wang Zhen said.

Wang also called him a prominent social and political activist. "In his extensive contacts abroad, he unremittingly disseminated information about China's reforms and the policy of opening to the outside world. His efforts have enabled many foreign friends to gain a deeper understanding of China and have promoted friendship and exchanges between the Chinese people and the rest of the world."

Like many other internationalist communist fighters serving in China, his monumental exploits will go down in Chinese history, the vice-president said.

Born in the United States, Hatem was of Lebanese origin. He came to China in 1933 and died of cancer last October at the age of 78. After the founding of New China, he was the first foreigner to take Chinese citizenship. He served as an advisor to the Ministry of Public Health from 1950 until his death.

Addressing the meeting, He Jiesheng, vice-minister of Public Health, said that Hatem made important contributions to the development of China's medical and public health work. "His footprints can be found in all the 29 provinces, municipalities and autonomous regions where he rendered medical service and made investigations of venereal disease, leprosy and other diseases.

Present at the memorial were Lebanese Ambassador to China Farid Samadah and Hatem's former colleagues and sincere friends including Han Suiyin, John G. Colling, Hans Muller, and Michel F. Lechat, former president of the International Leprosy Association.

To commemorate Hatem's deeds, a photo exhibition of his life opened today at the Military Museum of the Chinese People's Revolution.

A monument of Hatem will be unveiled at Babaoshan Revolutionary Martyr's Cemetery tomorrow to perpetuate his memory by the Chinese people.

Health Official Cited

OW0209085189 Beijing XINHUA in English
0750 GMT 2 Sep 89

[Text] Beijing, September 2 (XINHUA)—The rate of leprosy and similar diseases in China has been steadily dropping and many cities and counties have basically eliminated the disease, according to He Jiesheng, vice-minister of Public Health.

The vice-minister made the remark at a meeting to commemorate the late noted leprosy expert Dr. George Hatem, who served in China for 55 years until his death last October.

More than half a million leprosy patients have been treated since the founding of New China in 1949, and more than four-fifths of them have been completely cured, the vice-minister said.

Supervision Organs Take Disciplinary Actions

HK0109082989 Beijing ZHONGGUO XINWEN SHE
in Chinese 0410 GMT 29 Aug 89

[Report: "Supervision Organs Take Disciplinary Actions Against More than 10,000 People in the First Half of This Year"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 29 Aug (ZHONGGUO XINWEN SHE)—According to sources in the Ministry of Supervision, in the first half of this year, supervision organs in the whole country directly took disciplinary actions or proposed administrative disciplinary actions against a total of 10,100 people who violated discipline. Of them, 10.8 percent were cadres at the bureau level.

An official in the Ministry of Supervision said: The number of discipline-violating cases in the first half of this year was larger than the previous periods. From

January to June, supervision organs in the whole country investigated and handled more than 64,000 cases, and this figure was larger than the total in the whole year of 1988. Through handling these cases, the supervision organs retrieved 103 million yuan and reduced the direct economic losses caused to the state.

The cases handled by the supervision organs in the first half of this year were mainly related to such corrupt practices as bribe-taking, embezzlement, and "official profiteering." According to statistics by the supervision organs in Jiangxi, Hubei, Guangdong, Sichuan, and other six provinces and autonomous regions, "official profiteering" cases being investigated in the first half of this year numbered 738, and 35.6 million yuan of illicit income was confiscated. In addition, fines totaling 2.77 million yuan were imposed on those involved in these cases.

It is learned that the Ministry of Supervision decided to concentrate strength on investigating and handling 20 major cases. Now half of these cases have been wound up or will soon be wound up.

Article Urges Elimination of Corruption

OW0109014489 Beijing BAN YUE TAN in Chinese
No 15 10 Aug 89 pp 6-9

[Article by Zhang Sutang (1728 1372 1016): "Actions Are Being Taken To Wipe Out Corruption"]

[Text] The party Central Committee and State Council have decided to implement some measures in the near future with regard to cleaning up and consolidating companies, banning children of high-ranking cadres from engaging in business, and cancelling "special supplies." Such measures concern all of the people. The party Central Committee and State Council also have decided to take the lead in wiping out corruption resolutely and in performing official duties honestly. These decisions are an encouraging development and are being discussed widely by the people.

It is evident now that following the subsidence of the storm which had been "expected sooner or later" this summer, these decisions have pushed to a climax the current campaign to wipe out corruption, punish corrupt officials, and build a clean government.

Throughout the course of this campaign, the people have happily seen corruption cases exposed one after another and corrupt elements go on trial one by one.

Sichuan: Provincial CPC Committee and government decided to remove "winning and dining secretary" Lu Senlin from the post of director of the Sichuan Provincial Personnel Bureau. The former secretary of the Luzhou City CPC Committee, when leaving Luzhou, attended a farewell banquet at which guests filled 52 tables, costing more than 7,000 yuan of public funds, and accepted gifts valued at more than 2,000 yuan. He also

built a luxury private residence and violated discipline to allow his sons to attend school and to get a cadre's job.

Henan: Member of the Standing Committee of the Anyang City CPC Committee and vice mayor of Anyang City was removed from his posts for abusing his power to extort 8,000 yuan from factories to pay for his son's tuition. Song Wenxue, member of the Luoyang City CPC Committee and director of the city's Public Security Bureau, was removed from his post for instructing people to falsify materials during an investigation into a case involving the city Public Security Bureau's role in reselling cars at a profit.

Liaoning: Countless irregularities in the operation of the Laioxing Industrial and the Yimin Industrial Development Companies, which were manipulated and operated by the General Office of the Provincial CPC Committee and the General Office of the Provincial People's Congress Standing Committee, were made known to the public.

Heilongjiang: Yao Zhiwu, deputy director of the Capital Construction Bureau of the Dongbei Nei Mongol Coal Industrial Company, and six other cadres at the departmental and bureau levels of the company, were punished. Four of these cadres, who joined the party in the 1940's, were brought to justice for reselling goods at a profit and for accepting bribes.

Gansu: Wang Yuntian, vice chairman of the provincial committee for commodity prices, was expelled from the party and removed from his administrative post.

Tibet: Xu Yuzhen, director of the autonomous region's Commodity Price Bureau, was removed from his post for abusing power for his personal gain.

Dozens of major and serious cases have been announced in various localities, and numerous so-called "people's servants" will be stripped of the title to which they are not entitled. A great many Communists have been expelled from the party for having sullied the honor of a Communist. The sword for wiping out corruption hangs high, and the army for punishing corrupt officials is in action.

People have no reason to believe that justice does not have a long arm.

However, everything has just begun.

Honest and kind-hearted people find it difficult to remain silent and cannot tolerate corrupt practices, whether or not they have been exposed and investigated.

On this ancient soil of China, corruption resulting from the exchange of power for money has become more and more serious and overt and has spread rampantly among officials at various levels.

In politics: Bureaucratic work style and overstaffed organizations are common; nepotism prevails; the forming of factions and the deceiving of higher authorities and

people at lower levels have become the usual topic of conversation; people have openly asked for official positions and offered bribes for official titles; abuses of power, suppression of democratic practices, and retaliatory actions can be seen everywhere; and attempts to gain privileges and special treatment prevail despite repeated warnings.

In economy: Bureaucratic and individual profiteering is rampant; many people tend to ignore justice at the sight of personal gain; seek personal benefit at the expense of public welfare; exchange power for money; accept bribes overtly and covertly; extort money from other people; ask others for monetary rewards; and borrow money without promising to repay. These greedy people make use of all the powers and personal connections at their disposal, and put money above everything else.

In daily life: Corrupt officials change their cars frequently, from "Shanghai" brand to "Crown" and to "Benz." They build private villas one after another, with each one more luxurious and better decorated than the previous one. More and more people are enjoying extravagances bought with illegal earnings.

Cadres of some localities and units have employed all powers and money at their disposal for their own benefit and enjoyment.

All this started long before today.

Comrade Deng Xiaoping issued a warning as early as 1980. He cautioned the party's cadres at all levels on the basis of the experience and lessons drawn from the Great Cultural Revolution: "Currently, some cadres still do not regard themselves as the people's servants. Instead, they consider themselves the master of the people. These cadres enjoy privileges and special treatment, which have aroused deep indignation among the masses and impaired the party's prestige and credibility. If these people do not correct their mistakes resolutely, the contingent of our cadres is bound to be eroded."

However, when we enjoy the bumper harvest and monetary benefits brought by reforms, some leading cadres have not attached enough importance to the advice of the chief designer of reform.

Communists, who are shouldering the task of rebuilding the nation, seem not to have the time nor energy to check erroneous ideas at the outset by improving systems and the legal basis. Although the news media has exposed some corrupt and ugly phenomena from time to time, executors of party discipline and the state's laws have time and again, when handling cases, arrived at conclusions in which nothing definite has been decided.

As a result, the trends of corruption have worsened the social atmosphere sharply, and unhealthy tendencies have become more and more serious. These tendencies have spread from within the party to outside of the party, from the society to party and government organs, from localities to the Armed Forces, and from the streets to

quiet campuses. These tendencies include speculation, tax evasion, gambling, theft, prostitution, kidnappings, the executors of the law themselves breaking the law, abuse of power, dereliction of duty, wanton wining and dining, lavish spending, blind worship of foreign things and fawning of foreign powers, moral degeneration, and so on.

This has reached the point where things cannot go on like this any longer.

What enabled the poison seedling of corruption to grow in China again? What made corrupt elements feel they have strong backing?

We did vow to kill 1 as a warning to 100. We have cracked down on economic criminals who disrupt our economic order severely; we have launched a party rectification campaign to purify our party organizations; and we have called for promoting administrative honesty. We also have issued countless circulars and made numerous decisions. Regrettably, however, corruption not only has not disappeared, but has begun to spread rampantly after it had diminished for a while. It seems that we have entered an indescribable strange ring.

As a result, some people have begun to deplore the fact that improvements still need to be made to our legal system and that many of our systems still have too many loopholes; some people have begun to complain that the laws we have are not strictly enforced and are treated by some special citizens as a trifling matter; some other people have begun to criticize bureaucrats for still shielding one another and for the different way in which people in higher places who commit offenses are treated compared to ordinary people who commit the same offenses; and still some others have begun to murmur that we have never shown leniency to those who should be treated leniently, and that we will never get strict with those who should be treated strictly.

It was Comrade Deng Xiaoping who, with keen insight, pointed out the truth of the problem. This problem had never been understood in the past, probably because many of our high-ranking party cadres and their families were involved. The problem had been discussed for several years, but it had not been solved. The reasons for the failure lie perhaps in the party and at a high level.

He pointed out sharply that one of the important causes for the recent student strikes, turmoil, and counterrevolutionary rebellion is the extent of the corruption which has made some people lose their confidence in the party and the government and think that we are shielding corruption. He firmly admonished his comrades-in-arms: We must overcome this problem and win the people's trust.

On 24 June 1989, the CPC Central Committee announced that Chinese Communists must perform four major tasks at present. Included among these is the need

to exert great efforts to enhance party building, democracy, and the legal system, and to penalize corruption resolutely.

The party has launched this drive, long-awaited by the people, to ensure a clean and honest government. It shows that Chinese Communists are determined to eliminate corruption, a cancer which endangers the life of the party.

People have noticed to their pleasant surprise that in some localities the measures to ensure a clean government have become better, more concrete, stricter, easier to implement, and easier to supervise than before.

Shanghai Mayor Zhu Rongji has instructed unequivocally the Bureau Supervision, which is like an "imperial envoy," to "keep a watchful eye" on 506 leading cadres at and above the bureau level in the city and to investigate them immediately if they are found to be involved in any problems.

Pu Chaozhu, secretary of the Yunnan Provincial Party Committee, proposed that leading cadres should set strict demands on themselves first and ensure that their relatives and aides behave properly.

Wang Qun, secretary of the Inner Mongolia Autonomous Regional Party Committee, said: People with problems should be investigated seriously and dealt with no matter who they are and how high their position and seniority.

The Hainan Provincial Party Committee has decided: Party and government cadres will be punished for embezzling or accepting bribes if their spending clearly exceeds their legitimate income and the source of extra income cannot be explained. Party and government cadres who build private houses will be punished as embezzlers if they cannot explain the source of the construction funds or their explanation is unfounded.

Corruption is like a huge net obstructing our reforms and opening to the outside world. If corruption is not eliminated, the people will feel uneasy and it will be difficult for reforms to succeed. People are watching us, perhaps with some misgivings and worries. However, we firmly believe that our party certainly will live up to the people's expectations and to its historical mission and resolutely and completely remove the malignant tumor of corruption.

Time will be the best witness.

Officials To Receive Training in Administration

HK0209015089 Beijing CHINA DAILY in English
2 Sep 89 p 1

[By staff reporter Wen Jia]

[Text] China is promoting administration studies to help officials improve their efficiency.

Over 1 million government officials have received training in public administration over the past four or five years, said Professor Liu Yichang, vice-president of the Chinese Public Administration Society.

The society bolstered by regional societies across the country will continue to hold administration classes for officials, says Liu, who is also secretary general of the society.

The training is part of the state's effort to systematize, and bring up to date the legal and scientific aspects of administration.

Such classes range in length from weeks to several months. Officials from different government levels study the basics of administration related to the country's political reforms.

Lessons on public administration are also taught in party schools, cadres' colleges and universities.

A state administration institution, the first of its kind in the country to train senior officials at ministerial level and higher is under preparation.

In the meantime the Chinese Public Administration Society is playing an active advisory role in improving the country's administrative system since its founding last October.

For example, the society has advised the government on its campaign to root out corruption, says Liu.

The harm caused by corruption should not be underestimated, experts said. The experts agree that one main cause of corruption comes from loopholes in the current administrative system. They encourage embezzlement and corruption by allowing government officials to involve themselves in business.

The People's Republic of China is now a formal member of the International Institution of Administrative Sciences.

Lecture Outlines Rural Ideological Work

OW0109034689 Beijing XINHUA Domestic Service
in Chinese 1201 GMT 30 Aug 89

["Local Broadcast News Service"]

[Text] Beijing, 29 Aug (XINHUA)—Lecture on Rural Ideological and Political Work (3): Raise the Level of Scientization of Ideological and Political Work.

It is imperative to persist in the party's ideological and political work to ensure victory in promoting the cause of socialist modernization with Chinese characteristics in the new historical period. Powerful and effective ideological and political work will imbue the masses of the people with an advanced political enthusiasm, which will give them the impetus to make good progress in work in every field. This is a superiority of our party and is one of the salient characteristics that distinguish a Marxist political party from all other political parties.

In the long course of the revolution and construction, the party has worked out a whole set of methods, proved effective by practice, for its ideological and political work in the rural areas. Since the start of the reform and open policy, ideological and political workers have, for the purpose of adapting their work to the changing situation in the rural areas and proceeding from the reality in the countryside, made some useful exploratory attempts to enhance the scientization of ideological and political work and summed up many new experiences in this respect. Ideological and political workers from a number of provinces and autonomous regions held a meeting in Gansu recently and exchanged experiences in this respect. In their opinion, in order to raise the level of scientization of ideological and political work, we should first practice persistently the principle of seeking truth from facts and proceeding from reality to carry out education activities that are geared to specific targets. We should take the specific state of mind among the local peasants into consideration when carrying out education that focuses specifically on the characters of individuals while dealing with the general character at the same time.

It is necessary to show a clear-cut proletarian party spirit, persist in combining the party's ideological and political work with economic work, and do away with the practice in which ideological and political work is not carried out in coordination with economic work and the two are regarded as completely separate things. Efforts should be made to base ideological and political work on providing ideological guidance and strive to offer good services to the peasants so as to inspire their enthusiasm for the reform and arouse their initiative in developing the production of commodities.

Our party has a fine tradition in carrying out ideological and political work in the rural areas. We should inherit this fine tradition and continue to explore new approaches. As the socialist commodity economy continues to develop in the rural areas and the peasants become gradually more aware of democracy, the party's rural ideological work must be carried out in a way that is conducive to building democratic politics in rural areas and to guiding them, in thinking and in action, to implement the party's line, principles and policies. We should advocate their efforts at self-education and self-management, enthusiastically encourage and support the development of effective ways to promote self-education and self-management in the rural areas, and give full scope to the positive role mass autonomous organizations can play in ideological and political work. The peasants are the main force in promoting the "two civilizations" in the rural areas. They are the main force in building a new and modern socialist countryside. The widespread activities to build civilized villages and towns, to run various types of peasant schools, to pair up a party member's household with a poor one and to elect "five-good families" and "households of two civilizations," all are pioneered by the peasants. Such a pioneering spirit manifested by the peasants should be

tapped to inspire political enthusiasm in them. We should discover and cultivate typical examples among the peasants to use them to influence other peasants around them instead of depending on the issuance of a general call to push ideological and political work in a flat manner.

At the same time, active efforts should be made to step up construction of cultural facilities in the rural areas and to carry out literary and art, sports and other activities that the peasants love. Such varied and colorful activities will amuse them both physically and mentally, mold their temperament, and increase their knowledge in a manner in which they will be subtly influenced by the ideological and political education they have received.

Ideological and political work is long-term and arduous work which requires the application of scientific methods. It would be very difficult to carry this out with political enthusiasm alone. Scientific methods of work are the outgrowth of fumbblings in practice. As long as our comrades engaged in ideological and political work probe deep into the realities of life, boldly explore around, and constantly sum up experiences, they are bound to be able to do a good job in ideological and political work.

Vice Minister Liu Bin Gives Speech on Education

*OW0209131389 Beijing XINHUA Domestic Service
in Chinese 1204 GMT 2 Sep 89*

["Local Broadcast News Service"]

[Text] Beijing, 1 Sep (XINHUA)—The middle and primary schools throughout the country started a new school year today. Liu Bin, vice minister of the State Education Commission, gave a speech via the educational television station to those comrades engaged in middle and primary school education as the new school year started.

Liu Bin said: This semester differs from the past ones, for it begins after our party and state curbed an upheaval and quelled the counterrevolutionary rebellion in Beijing. After reviewing our work in education, we have come to realize that the most fundamental issue is one of political orientation. For middle and primary schools, it is necessary to foster correct educational ideas; adhere to the way of serving the socialist modernizations; implement the guideline of enabling students to develop morally, intellectually, physically and esthetically; and continue efforts to switch emphasis from urging students to enter higher schools to laying the foundation for fostering civilians of higher quality.

He said: After the new school year starts, all middle and primary schools throughout the country must earnestly organize their leading cadres and teachers to study Comrade Deng Xiaoping's important speeches and the documents of the 4th Plenary Session of the 13th CPC Central Committee.

During the new school year, it is essential to implement the guideline laid down in the "Directive of the CPC Central Committee on Reforming and Strengthening Moral Education in Middle and Primary Schools." Right now, full attention must be given to carrying out education among students on patriotism, socialism, the state of affairs in the country, and the spirit of arduous struggle. In the middle school, we must also pay attention to guiding students to gradually establish the correct outlook on life and the world. We must attach importance to summing up our experience in strengthening moral education while implementing the system under which the school president assumes full responsibility. We must also bring into full play the role of the party branch in school and carry out political and ideological work well.

He said: During the new school year, the middle and primary schools in various localities must further step up education concerning the dignity of labor, helping students to strengthen their concept of labor as well as to foster good habits and improve their skills in performing labor. This is an important guarantee toward fostering new-type socialist people who do not deviate from politics, reality, and the masses.

State Education Commission Holds Awards Ceremony

OW0109142589 Beijing Domestic Service in Mandarin
0930 GMT 30 Aug 89

[From the "National Hookup" program]

[Text] The State Education Commission today [30 August] decided to bestow the title of national children's education advanced county, city, or district on 85 children's education advanced models in Shanxi's Linyi County, Gansu's Dunhuang City, Beijing's Xicheng District, and in other areas. In the morning, the State Education Commission held a award ceremony. Chen Muhua and Lei Jieqiong, vice chairmen of the Standing Committee of the NPC, attended the meeting and presented prizes to representatives from Beijing, Tianjin, and Hebei.

Since the promotion of reform and opening to the outside world, China's children's education has achieved stable and healthy development. According to a 1988 estimate, there were 171,000 kindergartens with 18,545,000 preschoolers in the nation, representing an increase of 135 percent over 1978. The counties, cities, and districts commended at this meeting were representatives of advanced models emerging in the past decade; they had relied on social forces to actively promote children's education. Their basic experience was that party committees and government organizations attach great importance to children's education; take local conditions into consideration and adopt flexible policies; adapt to the needs of production and daily life of the masses; rely on the help of society, mobilizing the forces of the state, collectives, and individuals; stress the

training of teachers; and strive to maintain a high quality of child-care services and educational standards.

Enhancing 'Quality' of College Students Urged

HK0109064689 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese 1 Sep 89 p 2

[Article by Niu Maoling (3662 5399 0109): "An Understanding and Analysis of Existing Basic Quality of University Students"]

[Text] The basics that contemporary college students should have include political, ideological, moral, psychological, and professional quality, ability, cultural attainments, and health. The qualities in these aspects are related to, affect, and complement each other and need to be developed and perfected harmoniously, evenly, and in a well-coordinated manner. Only thus can college students possess good basic quality in all aspects.

Generally speaking, we should affirm that the mainstream of the basic quality of the current students in colleges and universities is good. It is groundless and unrealistic to make pessimistic assessments of their basic conditions.

However, it should not be denied that there are shortcomings and deficiencies in the basic quality of current college students. We should make a realistic analysis of this to more effectively cultivate and improve the basic quality of college students.

First, they lack basic knowledge about Marxism-Leninism and they have not profoundly and solidly studied the basic theories of Marxism, Leninism, and Mao Zedong Thought. Many students are content with a smattering of knowledge about these theories without profoundly understanding them. Second, they do not have a strong sense of collectivism and their moral standards are not high. Third, the development of their psychological quality is uneven with many people being weak in willpower and so are easily upset and depressed. Fourth, they lack a clear aim and motivation in the study of professional knowledge and a sense of pressure and urgency in mastering modern scientific knowledge. Fifth, they are culturally undernourished and lacking especially in aesthetic education.

Here I would like to concretely analyze the major factors that affect the basic quality of current college students and mainly discuss three points:

First, the social and historical environment has a major impact on the basic quality of college students. Today, our country is in the initial stage of socialism and the period of reform and opening up. The ideas of bourgeois liberalization and the vestiges of various decadent capitalist and feudalist ideas still exist in the social and political life and are related to various unhealthy and corrupt practices in society. They produce negative effects on socialist modernization and all-around reform in our country. We are now also in an era marked by the

rapid development of science and technology and by the global trend of reform. The entire society is undergoing major changes and Marxism-Leninism thus faces challenges on many new issues. In recent years, various political viewpoints, philosophical schools, literary and art trends, economic theories, psychological and educational concepts have been introduced to China from the West but were not correctly analyzed and appraised in time. All these things could not but affect young students in various aspects through various channels. The merits, demerits, and weak points of college students in the course of growing up are all closely related to influence from the social and historical environment and their behavior can be explained from this influence. From the psychological aspect, the psychological development of college students is subject to the social influence to a deeper, quicker, and more complicated degree as compared with the psychological development of secondary school students. Such social influence can be both positive and negative. If they are affected by the positive factors in the social life their psychology will develop positively and their basic quality will improve and be upgraded but if they are affected by the negative factors their psychology will develop negatively and their basic quality will also be unfavorably affected. Therefore, if there are some shortcomings and deficiencies in the basic quality of the current college students they should not be regarded as something innate and immutable. Instead, they will change along with the changes in the social and historical environment.

Second, the problems and shortcomings in our higher education have directly affected the cultivation and improvement of the basic quality of college students. In recent years, institutions of higher education generally lacked an explicit guideline for their work, did not give priority to and attach importance to the struggle for adhering to the four cardinal principles and against bourgeois liberalization. They did not place ideology and politics in the primary position, neglected moral, physical, and aesthetic education, and only attached importance to intellectual education. Moreover, they only paid attention to the education of graduate students and neglected the education of undergraduates. They failed to properly reform the contents, methods, and channels of teaching. All this caused errors in the educational work and thus directly affected the cultivation and improvement of the basic quality of college students. According to the personnel departments in some enterprises and institutions which recruited college graduates in recent years, some of the college graduates did not establish a correct political orientation, did not cherish correct political principles, and did not have the idea of serving the people when they left school and began to work on various fronts. Their moral standards were not high enough. In particular, they were not willing to work in a down-to-earth manner, lacked the spirit of arduous struggle, lacked the feelings of the working people, refused to work in the forefront of production, failed to combine themselves with the masses, and lacked the ability to analyze and solve problems in their work. The

problems among the graduates should arouse close attention from those responsible for higher education. Of course, these problems are attributed to complicated factors in society and in history. However, the direct factor was that we did not establish a correct guideline for our education and did not really and firmly adhere to the principle that education must serve the actual needs in socialist modernization, service the party's basic line in the initial stage of socialism, and cultivate qualified professionals for the forefront of the four modernizations. That is, we did not put the education principle of "comprehensive development to satisfy actual needs" into practice.

Third, the negative effects of some deviations in education reform in the institutions of higher education in recent years have also affected the cultivation and enhancement of the basic quality of college students.

In recent years, education reforms, especially reform of the educational structure, achieved marked results and produced far-reaching positive influence. However, in the course of implementing various reform programs some deviations appeared because we lacked experience, did not work out elaborate plans and effective measures, did not properly carry out some relevant policies, or did not coordinate reforms in different aspects. As a result, although the reforms did arouse the initiative of some people, the enthusiasm of others was dampened. For example, professional titles were only conferred on teaching staff, researchers, library workers, medical workers, and staff responsible for ideological and political education but none were conferred on the administrative staff. As a result, some staffers responsible for administration or party affairs, who had received higher education, were upset and did not want to continue to work in educational institutions. They thus relaxed their efforts in teaching administration, ideological education, and political supervision. As another example, the regulations on salaries, bonuses, and welfare benefits for the staff in various schools were not all reasonable and this also affected the mood of some people and made them unwilling to continue working in educational institutions. In recent years, because universities and colleges were allowed to offer compensatory services for other institutions in society, some teachers were attracted to money-making jobs and lost interest in routine teaching in school. The problems in the fund distribution system also affected their mood. In short, various deviations and problems in the course of education reforms precluded school leaders from concentrating their attention and energy on teaching and teaching reform and also precluded teachers from concentrating their attention and energy on improving teaching quality. The administrative and logistics departments in the colleges and universities also failed to support teaching and research work and to improve management. The worsening of the teaching quality inevitably affected the comprehensive development of college students in the moral, intellectual, physical, and aesthetic aspects, and unfavorably affected the cultivation and enhancement of the basic quality of college students.

Comprehensively cultivating and enhancing the basic quality of college students is an arduous and urgent task and is also a fundamental task for educational workers in colleges and universities. Only by properly fulfilling this task can we guarantee the all-around implementation of the party's education policy and the fulfillment of the target of cultivating professionals in the institutions of higher education. Only thus can we guarantee the training of a large number of high-quality professionals to meet the actual needs in socialist modernization.

Teachers Day To Honor Model Workers

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[Text] Beijing, September 2 (XINHUA)—Some 19,800 Chinese educational workers will be cited by the State Education Commission on the eve of teachers day on September 10.

They are from universities, middle and primary schools, kindergartens, professional and technical schools, adult educational institutions, and administrative sectors of education. About 90 percent of them are teachers working on the front line of teaching.

"Some of them have been posted in the countryside, mountainous areas or outlying districts; some work in defiance of disease and broken health; and most of them have done moving deeds," said Cai Runfa, an official of the State Education Commission.

In addition, provinces, prefectures and counties across the country will also cite and award a certain number of educators. The total will amount to 100,000, the largest in the nation's history.

Receptions, theatrical performances and seminars will be held in different areas. The media will publicize the deeds of outstanding teachers.

"We expect these activities will enable the public to understand and support education, make it clear that the policy of the party toward intellectuals is consistent, and help to form a tradition of esteem for teachers and education," said Hou Chunshan, vice-director of the General Office of the State Education Commission.

Economic & Agricultural

Article Highlights Problems in Economic Reform

HK0509093089 Beijing JINGJI YANJIU in Chinese
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[Article by the Economic Situation Analysis Group under the Economics Section of the Chinese Academy of Social Sciences: "Near-Term Measures for Freeing Reform From Its Current Difficulties"—written by Dai Yuanchen (2071 0954 2525), Li Maosheng (2621 5399 3932), Li Xiaoxi (2621 2556 6007), and Du Haiyan (2629 3189 3601)—Liu Guoguang (0491 0948 0342), Zhang Zhuoyuan (1728 0587 0337), Zhou Shulian (0719 0647 5571), and others took part in the discussion—dated 20 May 1989]

[Text]

1. Economic Reform in a Dilemma

1. Improvement and rectification have scored achievements, but problems still abound. Since the 3d Plenary Session of the 13th CPC Central Committee in September 1988, progress and achievements have been made in the work of improving the economic environment and rectifying the economic order. Panic buying has been halted and an upward turn is seen in bank savings. However, problems still abound. 1) In the first 4 months of this year, the rate of inflation remained at the high level of 27 percent, indicating that the Central Committee's earlier promise that the price index will be substantially lowered this year is in danger of not being kept. 2) The rectification of the economic order is proceeding at a snail's pace. 3) Although investment and bank credit have been brought under control, they still lag a long way behind the requirements of the state plan, and there is a tendency for them to expand once again. 4) The economic returns of enterprises are on the decline. For state-owned industrial enterprises, the comparable cost of production has gone up by 15.8 percent in a single quarter, and the profit and tax rate on sales and on capital have dropped by 2.2 and 2 percentage points respectively compared with the same period last year. 5) The readjustment of the industrial structure is far from satisfactory, and departments of basic industry such as energy, communications, and raw and semifinished materials have not been duly strengthened. 6) The problem of the excessive growth of township and town enterprises remains unresolved (the rate of increase was 35 percent last year and 31 percent in the first quarter of this year). The situation remains grim.

2. Continued improvement and rectification is in a dilemma. The work of improvement and rectification is, to a certain extent, caught in a dilemma. 1) While giving up is totally out of the question, it is equally difficult to continue with the improvement and rectification in view of the central government's diminishing ability and lack of means to regulate and control economic activities. Furthermore, the fact that hesitation, indecision, and policy changes regarding improvement and rectification are evident to a certain extent is causing some localities and departments to adopt a wait-and-see attitude and even cherish the illusion that the retrenchment policy will be abandoned. This seriously interferes with the work of improvement and rectification, making it very difficult to exercise the necessary regulation and control. 2) Effective measures available for improving the economic environment and rectifying the economic order are rather limited to begin with, and, even for those measures which are available, their implementation produces dilemmas. For instance, we are aware that raising interest rates is an effective and necessary means of curtailing demand, curbing inflation, and readjusting the economic structure. However, we hesitate to press forward with this measure because we have not yet worked out how to deal with objections from the state financial departments and business circles, or found a means of overcoming the soft constraints of the budget in order to ensure that higher interest rates can truly play the role of

economic levers, and we are not certain whether our country has sufficient political and economic endurance to cope with a situation when a small number of enterprises will become insolvent and industrial workers will lose their jobs when interest rates are raised. 3) We also lack good strategies for resolving problems such as loss of control over consumption funds, excessive speed of growth of workers' wages and bonuses, and the provision to workers of inflation subsidies. The problem of the excessive rate of growth of consumption funds has been discussed for years, but no solution has yet been found. The same is true of the implementation of the retrenchment policy. In the meantime, the real income of 34.9 percent of households across the country dropped last year as a result of inflation. The problem of how to reasonably compensate staff and workers for the effects of inflation has not even been touched on. However, if the two obviously conflicting phenomena mentioned above are not resolved, the improvement of the economic environment is bound to be adversely affected, and it will not be conducive to arousing the enthusiasm of the masses. 4) In the work of improvement and rectification, there is a contradiction where objectively there is the need to pay a price but subjectively people are unwilling to pay that price and hope that the crisis will be resolved without their having to lift a little finger.

The Central Committee has already warned us that during the period of improvement and rectification, we should be mentally prepared for a few years of austerity, but the actual state of affairs indicates that many units and individuals have no serious intention of doing this, and neither is the government really keen on this idea. What we must emphasize in particular is that a situation where some enterprises with little or no economic returns become insolvent and a small number of industrial workers lose their jobs is a price we must pay in our current austerity program. There are still no signs that the people are willing to pay that price. If we are going to practice the commodity economy, we must be prepared for competition and elimination. Competition without elimination is not competition. It is just a "low efficiency trap."

3. Reform is marking time. No reform means no future, but we have difficulty deepening the reform and are not sure we can achieve the anticipated results in reform. On the surface, it seems that reform has ground to a halt because of improvement and rectification, but a deep-structure analysis shows that the deteriorating economic environment has been the cause of reform dragging its feet. The principal manifestations of the current situation are: 1) The price reform is getting nowhere. If changes are not made, there is no way of readjusting the irrational industrial structure. For instance, if price reform is not carried out, the railroad, posts and telecommunications, and energy departments will have difficulty surviving, let alone planning further expansion. If the prices of agricultural products are not readjusted, the comparative earnings of farm production will steadily decline, making it even more difficult to free reform

from its current difficulties. However, we have to think twice about lifting price controls because, rather than stabilizing prices, it might lead to runaway inflation and create a burden too great for the state financial departments. Even if we only readjust prices, there is the fear that this will only lead to price hikes without getting us anywhere nearer the anticipated goal. A few years ago, we readjusted the prices of agricultural products, but today, irrational price parities have returned and the problem remains unresolved. 2) The double-track price system introduced some years ago has now become the target of the new reform. On this question, we are also faced with a dilemma. While objective and subjective conditions for doing away with the double-track price system are lacking, there is every need to abolish this system because it is a hotbed of "official profiteering" and corrupt practices and its very presence renders it impossible for us to establish a normal economic order and arouses widespread social discontent. 3) The dilemma in the division of administrative power. The division of administrative power at the local level, with the practice of separate budgetary plans for the central and local authorities at the core, was once introduced as an important reform measure. After a few years the shortcomings of this measure have become more and more manifest, for it has to a certain extent fortified the lack of distinction between government and enterprise functions, blocking the functioning of the macroeconomic regulation and control mechanism. This is a contributing factor in the excessive growth of investment and the deterioration of the industrial structure. Thus, the division of administrative power at the local level is a problem that urgently awaits solution during the period of improvement and rectification and deepened reform. However, it is by no means easy to effect changes in this regard in the near future. When the division of administrative power was first introduced, an important underlying thought was to arouse the enthusiasm of the localities. If we were to change this policy, for instance, if we were to abolish the system of contracts for financial administration, what alternative method could we adopt to arouse the enthusiasm of the localities? Since contracts for local financial administration are compatible with enterprise contracting, it seems inappropriate to immediately put a stop to enterprise contracting, which is an interim policy, a "measure of expediency." If contracts for local financial administration are abolished, while enterprise contracting is preserved, the budgetary constraints on enterprises will be further weakened. This will no doubt increase the difficulties of the central financial departments, and further aggravate inflation. This is also a dilemma. 4) In a sense, reform means the readjustment of interests. At present, we are also in a dilemma on the question of the readjustment of relations between different interest groups in society.

The readjustment of specific interests aside, the prevalence of a double concept of interests in society means that while wanting to preserve the benefits gained under the old system, people also hope to secure more interests under the new system. The "benefits" of the old system

should have been done away with following the abolition of the old system. The regulations of the new system which replaced the old will bring benefits as well as risks. However, there is still a strong desire among the public to have the best of both worlds, and out of various considerations, the government tends to yield to this unreasonable demand. This naturally adds to the present economic difficulties.

II. An Analysis of Reasons

4. The emergence of the economic dilemma is not the manifestation of short-term contradictions, but rather the result of the piling up of contradictions. 1) The deterioration of the economic environment and the mounting of difficulties find concentrated expression in spiraling inflation and its consequences. A more or less unanimous view is that the excessive growth of total demand and the over-issuance of currency since 1984 are the direct causes of inflation. In this connection, the excessive growth of investment plays a decisive role. Since budgetary funds only constitute a small proportion of the state budget but have to support a massive program of investment in fixed assets, the shortage is pronounced. The banking system under state ownership provides a way out for the excessive growth of investment through the enlargement of bank credit. In the meantime, the soft constraints on the state sector of the economy have led to an excessive growth of consumer demand in the state sector, the poor economic performance has widened the gap between supply and demand, and the increasing shortage of supplies has in turn stimulated the inherent expansion impulse of the traditional structure. This shows that rather than being changed, the conventional development strategy of going after quantitative increases has been the primary cause of our economic predicament. 2) Reform is not the main cause of the predicament, but certain mistakes made in the course of reform have been contributing factors. For instance, in the initial stage of the urban institutional reform, we tended to put more stress on the division of interests. Although contracting by localities and contracting by enterprises indeed aroused the enthusiasm of localities and enterprises in the beginning, they also stimulated the expansion impulse of localities and enterprises and aggravated the excessive growth of total demand. In addition, the rigidity of interests also imposed obstacles to subsequent reforms, thus slowing down the pace of market growth and the formation of a unified market. Moreover, the reform measures are not well-coordinated. Some are even mutually conflicting and tend to offset the effects of other measures. For instance, the replacement of state appropriations by bank loans was intended as a means of increasing the returns on funds utilized through credit constraints. However, the soft constraints of before-tax repayment of loans rendered it impossible for the replacement of appropriations by loans to produce the anticipated results. Because of our procrastination in reforming the system of macroeconomic management, for example, because we cannot make up our mind to make the

central bank independent, we have no effective means of checking and balancing the excessive growth of total demand. 3) The development of the commodity economy has aroused the emancipation of personal dignity, but political reform cannot keep pace with this development. As a result, there is a general feeling of discontent in society. At present, the enthusiasm of staff and workers for production is generally not as high as it was in the 1950's and 1960's. The mobilization strength of revolutionary ideals has weakened, and neither can material incentives produce the anticipated results. While admitting that they have gained more than they did in the past, due to the "rent-seeking" phenomenon and the practice of noncompetitive and unfair distribution, the masses also think other people are getting more than they are. This has given rise to the phenomenon of the diminishing returns of material incentives. The masses also object to "official profiteering," unhealthy party style, and corrupt practices. It has become difficult to develop among the people a willingness to share weal and woe with the party and make a joint effort to pull through difficulties.

5. The method of "blocking" rather than "dredging" channels adopted in the course of improvement and rectification has, to a certain extent, created discrepancies between reform and the work of improvement and rectification, and thrown continuing efforts at improvement and rectification into disarray. In the "Program for the Medium-Term Reform (1988-1995) of the Economic System in China" (Footnote 1) (see ZHONGGUO SHEHUI KEXUE No 4, 1988), published at the end of 1987, we put forward the idea of "striving for progress while maintaining stability" and put the improvement of the economic environment on the agenda, thus creating the necessary conditions for the smooth progress of reform. This view was regarded as conservative when it was first put forward. The 3d Plenary Session of the 13th CPC Central Committee, convened in September 1988, proposed the principles of improving the economic environment and rectifying the economic order. However, as seen from the actual work done over the last 8 months, some of the measures taken to improve the economic environment do not seem to dovetail well with the deepening of reform. 1) The aim of improving the economic environment is to cut the excessive total demand and create a relatively relaxed environment, while the lowering of the rate of inflation is the natural outcome of the narrowing of the gap between supply and demand. In the current drive to improve the economic environment, the call to cut investment and control consumption was also put forward. On this count, the aim of improvement and rectification is consistent with that of reform. In actual implementation, however, regulation and control have not been appropriately carried out, and total demand has not been truly cut. Over the last 8 months, we have adopted a series of administrative measures to freeze prices, close the markets, and place commodities under special control, and have been much more resolute in implementing these measures than in striving to cut demand. When we first put forward the

task of improving the economic environment at the end of 1987, we had no intention of including these measures, and we will not recommend these as long-term measures. At that time, we had no alternative but to adopt these measures because we had to arrest the momentum of drastic price hikes, set people's minds at rest, and eliminate inflation. However, we must also realize that these were but interim measures taken to gain a respite. As the experience of many countries shows, the effectiveness of the freezing of prices by administrative means does not exceed 6 months. As time goes by, the shortcomings of the compulsory freezing of prices will multiply. Distorted prices will lead to structural deterioration, and the burdens of the central and local authorities in the payment of subsidies will increase. It is precisely because of these measures that contradictions have now arisen between reform and the work of improvement and rectification, and we are forced to make an about-turn in the market-oriented reform. This also explains why we are faced with a predicament in continuing the work of improvement and rectification. The fact is, if the purpose of improvement and rectification is indeed to cut demand, our effort to bring about a true turn for the better in the economic environment not only does not contradict our reform program but will create the necessary conditions for the smooth progress of reform. The problem now is that we have not found the right method of improvement and rectification or resolved the problem of macroeconomic control. Total demand is still growing, and the freezing of prices is adopted only as a means of bringing about a superficial improvement of the economic environment. Price stability thus obtained is not true price stability; it is merely temporary stability. 2) How to deal with the promise made last year that the rate of inflation will be significantly lowered this year is a crucial issue which leaders must decide after careful consideration. As economists, we think that although freezing prices has its short-term effects, the lowering of the rate of inflation by this means can at best be considered "puffing oneself up to one's own cost." We are in favor of a more realistic approach. Rather than holding onto something that we know will not last, we should, while making an effort to cut total demand, strive, in the fourth quarter of this year, to systematically release part of the pressure of inflation which has been held in check by the freezing of prices. We believe that the dilemma in our present reform is to a large extent related to the price freeze. The consequences will be even more serious if, taken in by the facade of price stability, we entertain the misconception that the economic environment has improved and think that it is all right to go after speed.

6. The drop in production and economic returns seen last winter and this spring is to a large extent related to our efforts to exercise compulsory regulation and control over currency without first cutting total demand. Since 1985, in carrying out indirect macroeconomic regulation and control, the major method adopted has been the management of basic money supply. This has involved the strict control of the credit reissue quotas, which the

central bank hands down to the specialized banks, as a means to reduce the money supply. Monetary control is a common means of macroeconomic regulation and control in the West. Its application in China has produced some positive effects, but the side-effects are even greater. 1) In the West, governments do not exercise any direct control over demand except where financial revenue and expenditure are concerned. When they run into obstacles in pushing a policy of retrenchment, they can, by controlling the money supply, influence the marginal profit rate and the marginal propensity to consume. The adoption of either the combination of relaxed financial policies with tight monetary policies or tight financial policies with tight monetary policies allows the regulation of investment demand and consumption demand, and thereby the readjustment and reduction of total demand. In China, although the control of money supply can also regulate demand, the effect is not very obvious, because here changes in money supply will not lead to changes in interest rates, and the upward and downward readjustment of the marginal profit rate will not affect investment desires, while in reality inflation stimulates people's propensity to consume. This being the case, the method of controlling money supply lacks a transmission mechanism through which to affect demand, and thus total demand cannot be effectively reduced. 2) Retrenchment will inevitably result in difficulties in bank payments. However, the payment difficulties last year occurred prior to the commencement of the austerity program. The banks found themselves in a tight spot, with no money to honor payments, because on top of a reduction in savings and enterprise deposits and the fact that the specialized banks did not have sufficient reserves to handle payments, their hopes for banking institutions at the higher levels to come to their rescue were shattered by the tightening of basic money supply. With no money being deposited, no money to handle withdrawals or loan applications, no money paid back by debtors, no money going out in remittances, and no money for the cashing of remittance orders, the banks failed to play their role as credit institutions, and were not even able to conduct normal deposit-taking, lending, and remittance activities. This gave rise to the rapid growth of the external circulation of funds. 3) The method of controlling money supply requires that banks step up their efforts to recall loans. However, since loans for the acquisition of fixed assets cannot be recalled at short notice, the only alternative is to recall credit for circulation funds. For enterprises with a reasonable stock of raw and semifinished materials which use very little in state funds, proceeds from the sale of products should have been put back into circulation. For them, the recall of loans spelled difficulties for reproduction. Strangely, enterprises with a large stock of materials which used a lot in state funds did not suffer quite as much. Well-managed enterprises were thus put at a disadvantage. After the institution of contracted deposit-taking and credit-issuing in banks at various levels, the trend of localization became evident. In the light of this situation, the method of "suppressing one to protect a

hundred" was adopted to hold the large and medium-sized enterprises in check. With a shortage of circulation funds, all enterprises owed each other money, and the channels of circulation were thus blocked. This was how the shortage of funds adversely affected production. 4) At present, there is an over-issuance of money on the one hand and an acute shortage of funds on the other. This may seem illogical on the surface, but in reality, this is an inevitable outcome of the negligible role played by the method of controlling money supply in reducing demand in our country.

In order to curb inflation, we must control money supply, and bring the rate of growth in money supply more or less into line with the economic growth rate. What is the cause of the over-supply of money in circulation? This is closely related to the difference between total demand and total supply. When total demand exceeds total supply, there will be an excessive growth of money in circulation, and when total demand is smaller than total supply, money can be recalled from circulation.

Thus, if we arbitrarily check the issuance of money rather than trying to suppress the propensity to invest and consume, we will end up blocking the circulation funds of enterprises rather than holding down the growth of demand. This will result in a drop in production, meaning that there will be a shortage of essential products, and this in turn will further aggravate the imbalance of total demand.

The restructuring of the economic system and the work of improvement and rectification are tasks of systems engineering that involve a wide range of work. We cannot consider each case on its own and treat the symptoms but not the disease. To a large extent, our recent measures are just aimed at treating the symptoms. Rather than making an effort to suppress demand and curb investment, we put our energy into controlling commodity prices and money supply, with the result that the situation went from bad to worse, despite some superficial achievements.

III. Short-term Measures Under the Guidance of Long-term Objectives

7. The current difficulties have come about because our efforts to pursue an excessively high rate of economic growth have resulted in the steady widening of the gap between total demand and total supply. Only by suppressing total demand in real earnest will we be able to free reform from its current difficulties. If we have to speak of different academic schools of thought, we probably belong to a school which advocates giving priority to the improvement of the economic environment, as distinct from those which give priority to the reform of enterprises or to price reform. We believe that both enterprise reform and price reform are problems that must be addressed in the reform of the economic system. They are two principal directions. But then the prerequisite for pushing forward the reform is to put an

end to the situation where, in our overanxiety for success, we have extended the scale of construction beyond the endurance of our national strength. We must curb the excessive total demand and create a relatively relaxed environment that is conducive to reform. Thus, we must give priority to the reform of the macroeconomic system and organically combine reform with the work of improvement and rectification. The readjustment of interest rates, sale of small enterprises, and other proposals under consideration are, no doubt, effective measures. However, if we do not address ourselves to the issue of ensuring moderate economic development, all these effective measures will serve no real purpose. It is futile trying to look for a breakthrough point if we divorce ourselves from this crucial issue. While the curbing of demand and the improvement of the economic environment are short-term measures for freeing reform from its current difficulties, these measures must, as far as possible, be brought into line with the general direction of reform under the planned commodity economy.

Based on the above understanding, we have come up with the following countermeasures:

8. We must speed up the reform of the system of macroeconomic management. The principal measures are as follows: 1) The management system of the central bank should be reformed and the central bank should be placed under the jurisdiction of the Standing Committee of the National People's Congress [NPC]. This will allow the bank to act independently in implementing monetary policies aimed primarily at stabilizing the currency value. 2) Interest rates on deposits and loans should be increased so that these rates are higher than the rate of inflation. 3) The budget system should be reformed. The method of drawing up double-entry budgets should be adopted, and budgets for recurrent expenses should be separated from budgets for investment. In budgeting, deficits should not be allowed for financial expenditure. Likewise, overdrafts should not be allowed for investments. 4) The system of tax management should be reformed. The power of disposal of product tax should be in the hands of the central authorities, who will also have the power to reduce or remit this tax. To minimize interference by local authorities in the work of tax-collecting departments, it is suggested that these departments be placed directly under the State Administration of Taxation, and that the status of these departments be elevated, as was done in 1950. 5) Construction tax should be replaced by investment tax which entails a higher tax rate, and soft credit which involves before-tax repayment of loans should be abolished to facilitate the continued retrenchment of investment in fixed assets. The situation would take a turn for the better if we could contain investment in fixed assets within the region of 350 billion yuan in the 3 years from 1989 to 1991.

9. We should halt the tendency to retrace our steps and actively promote market-oriented reforms. The arbitrary freezing of commodity prices imposed in recent months in an effort to improve the economic environment and

rectify the economic order should be gradually unfrozen, closed markets should be reopened, the method of creating regional blockades should be stopped, and special controls should be reviewed and reduced to the minimum. When effecting changes, we should be positive in our attitude and firm in our approach.

10. We should strengthen the competition and elimination process and give priority to microeconomic reforms that are conducive to the work of improvement and rectification. 1) We should sell some of the small enterprises, particularly those which are poorly managed and have long been running at a loss. 2) We should create the necessary conditions for the implementation of insolvency laws in order to do away with the drawbacks of the soft budgetary constraints on state-owned enterprises. 3) We should actively promote unemployment insurance and create the conditions for the thorough elimination of the practice of "everybody eating from the same big pot" and the idea of the "iron rice bowl." 4) We should promote step by step the shareholding system and the commercialization of housing. Proceeds from the sale of state-owned property and from the sale of housing should be deposited into special accounts and used with special authorization to prevent their developing into new factors for the excessive growth of investment.

11. We should rectify the sequence of circulation and promote reform in the sphere of circulation. At present, the parity between the sale of capital goods at low prices fixed by the state and at negotiated prices amounts to 200-300 billion yuan, but it is not known where the huge profits go. At a conservative estimate of a 20 percent loss, such profits still amount to 40-60 billion yuan. Indications all point to the fact that the chaotic state of the sequence of circulation not only poses obstacles to reform but shakes people's confidence in reform and injures social mores. Efforts must be made to change this state of affairs. The principal measures to be taken include: 1) Service companies set up by the government under various departments in charge of goods and materials but run by the people, as well as other types of "specialized households" which thrive on the double-track price system, including privileged enterprises which survive and reap high profits by selling documents of authorization, and "funnel companies" affiliated to large enterprises which survive by living off the profits of the state economic sector and serve the external circulation of funds, should be abolished. 2) Pricing discipline should be strictly enforced, planned prices and market prices should be managed separately, enterprises and individuals found guilty of violation of pricing discipline should be punished according to law, and the present state of affairs where "criticism does not hurt and punishment carries no deterrence" must be brought to an end. 3) On the basis of an improvement in the economic environment, fixed prices should be systematically abolished and the double-track price system should be replaced by a single-track price system.

12. We should push forward anticorruption reforms and the government should take the lead in practicing austerity. The recent announcement that it is no longer permitted to transfer offices to Beidaihe during the summer season or to import luxury sedans are not enough to bring about a change in the mood of society. The following measures of institutional reform should also be taken: 1) Efforts must be taken to put an end to the "early maturity of consumer needs at public expense" and to strictly limit entertaining at public expense. Those who squander public property should be severely dealt with in accordance with party discipline and state law. It has already been announced that large-scale celebrations and appraisals to mark the 40th anniversary of the founding of the PRC will not be held. These measures of thrift and hard work will create a positive image for the government and remove the mental obstacles to freeing ourselves from the present economic predicament. 2) Publicity through the press or broadcasting for a high level of consumption should be replaced by publicity for frugal and plain living. 3) The audit system should be reformed. At present, extravagance and waste are serious, with units vying to issue bonuses in cash or in kind under all sorts of pretexts and breaking all financial rules. If this goes on, society will become more and more corrupt. It is thus necessary to strengthen supervision through auditing. Independent auditing should be introduced. Auditing organs should be placed under the jurisdiction of the Standing Committee of the NPC instead of under governments at various levels in order that they can exercise their functions and powers independently.

13. Grain being the most important factor for a stable market, the following measures could be considered for the near-term: 1) Excessive consumption and loss through subsidies should be curbed. At present, grain consumed by breweries each year is more or less equal to the volume of grain imported. Since the quality of most wines and spirits is quite poor, the reorganization of the brewery industry should be incorporated into the work of improvement and rectification. We should consider the gradual abolition of subsidies for fine-quality grain, grain subsidies for high-income families, as well as the practice of supplying grain to catering and other trades at low prices. Food coupons should be replaced by food books [liang ben 9037 2609] to prevent loss through subsidies. We could also consider spending a given sum of money to recoup surplus food coupons in the hands of residents. 2) Where foreign exchange and port facilities permit, grain imports should be increased from year to year. On the basis of a higher rate of exchange, we could consider fully utilizing our resource superiority in respect of some agricultural commodities to export more products that do not require too much land and labor input in exchange for grain. After a certain base level has been attained, we should strive for self-sufficiency in grain and strike a balance in foreign trade. 3) The upward readjustment of grain prices should be integrated with the reform of the circulation system. We should reduce the amount of grain subject to a fixed

quota for marketing, enlarge the scope subject to regulation by market forces, and prevent the practice of raising the grain purchase quota without restriction. In the meantime, elements of market forces should be gradually introduced into the system of purchasing grain according to contract. In other words, the contract price should be revised in accordance with a given weight factor of the market price to minimize the parity between the two sets of prices. 4) Using the opportunity afforded by the flow of labor back from the cities, the state and local governments should employ the basic investment funds for agriculture in specific infrastructure projects, thereby engaging in labor relief construction.

14. We should readjust and optimize the industrial structure and strengthen the bottleneck industries. 1) We should continue to increase agricultural input, gradually raise the price of grain procurement according to contract, and strive to speed up the development of agricultural production. 2) On the basis of making good use of the 35 billion yuan earmarked by the state for investment in fixed assets each year, we should try to raise more funds to strengthen the development of energy, raw and semifinished products, and other underdeveloped industries. 3) We should, by paying interest in the form of deductions when selling bills of exchange, making appropriate readjustments in prices and other means, implement the State Council regulations issued in March 1989 on the key points of present industrial policies, and energetically support and encourage production, construction, and technical renovation in respect of those industries and products which should be supported. At the same time, we should start making use of the taxation and credit levers to strictly restrict the development of overdeveloped industries and goods in excessive supply.

IV. Our Understanding on a Number of Issues

15. On the relationship between reform and the work of improvement and rectification. At present, some economists see the work of improvement and rectification and reform as conflicting. They believe that improvement and rectification will bring reform to a halt and see this work as a backward turn. Some of them even think that those who advocate improvement and rectification are opposed to reform. How we view the relationship between reform and the work of improvement and rectification has a close bearing on whether the correct policy of improvement and rectification will be upheld, whether China will be able to free itself from its present economic difficulties, and whether reform will be continued and deepened. In our opinion, the two are by and large consistent.

A. The consistency between reform and the work of improvement and rectification is manifested in the fact that at present it is only through improvement and rectification that we can create a more flexible economic environment for reform. Reform needs a more flexible environment. If we ignore the objective conditions and blindly push forward "reform," we will only throw the economy into disarray and jeopardize the interests of the

people. This is not reform in the true sense. Just imagine, in a situation when inflation is severe, the market situation is chaotic, economic relations are strained, economic returns are low, and the confidence of the people is jittery, endurance by various sectors of society for reform is bound to be limited. In such a situation, it will be difficult to push forward measures of large-scale reform that affect a wide spectrum of society. On the other hand, when inflation is brought under control, supply and demand are more or less balanced, and the relations between the various sectors are made more harmonious, the difficulties and obstacles confronting reform will be minimized. At a time when two different systems coexist, the means of macroeconomic regulation and control are far from perfect, and economic means are sadly lacking, efforts to make use of certain administrative means to keep investment and institutional purchases under control and to reduce demand should not be viewed as backtracking as long as they can help free reform from its current difficulties. On the contrary, such efforts are conducive to future all-around reform.

b. In carrying out improvement and rectification, it is essential that we rectify some of the mistakes made in the course of reform. This is necessary to free reform from its current difficulties as well as for pushing forward true reform in the future. Thus, reform and the work of improvement and rectification are consistent. Mistakes in reform are partly responsible for our economic difficulties. We must strictly distinguish reform from mistakes in reform. On no account should we protect mistakes in reform along with the reform itself, for this will only ruin the reputation of reform. Only by rectifying the mistakes in reform can we pave the way for the deepening of reform in the future.

c. There is a degree of direct correspondence between the current work of improvement and rectification and measures for the deepening of reform. For instance, the cleaning up and reorganization of companies; the work of putting the market in better shape; the nurturing of the market; and the measures outlined in preceding paragraphs for freeing reform from its current difficulties, such as raising interest rates, making use of the interest rate lever, promoting monetary reform, establishing and improving social guarantees that correspond to the insolvency mechanism, selling off some state-owned small enterprises, and trying out the shareholding system, are not only measures for improvement and rectification but also components of deepening reform.

Of course, we should also see that in the course of improvement and rectification, it is inopportune to introduce certain reform measures. For instance, it is unrealistic to carry out the price reform when inflation is severe (although partial price reform and readjustment are still necessary).

16. We must integrate reform with development, effect a change in our development strategy in real earnest, and prevent the unrealistic pursuit of a high speed of development. We have been talking about shifting the

emphasis of our development strategy from quantity to performance for 10 whole years. On the surface, there do not seem to be any divergent views, but so far the shift has not been effected. At present, some people are of the view that a high speed of development is the only guarantee for revenue, while a low speed cannot even maintain basic expenditure. Such a view reflects our low rate of economic returns. It also tells us that the high-input, low-output approach as a means of maintaining economic growth must be changed. Since overheated economic growth, excessive investment demand, and the widening gap between supply and demand are major reasons for the decline in macroeconomic results, it will be very difficult to switch to the new track of stressing economic benefits unless we give up the practice of going after quantitative increases and speed. The financial difficulties will mount if we fall into the ridiculous cycle of enormous input and low returns and more enormous input and still lower returns.

Some comrades are opposed to attempts to control the speed of economic growth because the rate of economic growth indicates the speed of growth of supply. They argue that rather than narrowing the gap between supply and demand, putting a brake on the speed of growth will only cause the gap to widen at a slower pace and cause us to lose the opportunity to catch up. In our opinion, if economic growth is attained by tapping internal potential, a fast speed of growth is preferred. The problem is, economic growth is now mainly attained through increasing investment. To increase the industrial output value by 100 million yuan, it normally requires 150 million yuan in additional investment. When the growth of investment demand exceeds the growth of supply, any attempt to pursue speed that is beyond the national strength will only widen the gap between supply and demand and exacerbate the situation. Moreover, the speed of economic growth is not completely equivalent to the speed of growth of "essential" supplies. For many years, despite the fact that our economic growth rate has been comparable to that of South Korea and Taiwan, our GNP has been lagging farther and farther behind precisely because our economic performance is much poorer by comparison. Thus, we cannot stress speed to the exclusion of all else. Instead, we should stress speed with actual economic benefits. In our opinion, we should strive to unify understanding on this point as quickly as possible.

17. We should create the conditions for replacing the contract system for local financial administration by the system of separate taxation. In the beginning, the contract system for local financial administration did manage to arouse the enthusiasm of the localities and guarantee the revenue of the central authorities. However, as was pointed out in the initial period of reform, this administrative division of power was not in keeping with the orientation of reform. Today, it has become the focal point of structural contradictions and contradictions between total supply and total demand, as well as the bottleneck that slows down and holds back the deepening of reform.

In order to increase the revenues at their disposal, local governments vie with one another for investment, projects, loans, goods, and materials, and compete in expanding the scale of their capital construction. Thus, local governments have turned into the main bodies of investment expansion and become important factors for overheated economic development. Furthermore, because prices are unreasonable, under the guidance of market profitability, investment by local governments tends to find its way into short-term and low-cost projects that yield quick returns, with the result that infrastructure construction is poor, the raw and semifinished materials industry is underdeveloped, and the economic structure is becoming more and more lopsided.

Moreover, the intermediate obstruction posed by the interests of local governments also hampers the smooth progress of reform. Conflicts of interests between different regions hamper the formation of a unified market, while activities aimed at exploiting the double-track price system hamper the growth of the market mechanism. Another important reason why the present retrenchment fails to achieve the anticipated results is that the anticipated benefits of local governments are preventing the policies of macroeconomic regulation and control from producing the desired effect. Thus, although it is impossible to do away with the contract system for local financial administration at one stroke, once understanding is unified, we could adopt the principle of gradual transition to weaken the functions and powers of the local governments in financial management. Having done that, we could gradually eliminate an important institutional cause for macroeconomic and structural imbalance, and could actively study ways and means of pushing forward the system of separate taxation on this basis.

18. We should no longer use inflationary means to stimulate economic growth. Inflation is one of our major economic problems. While cost-push and structural readjustment are factors for inflation, the most fundamental cause of inflation is total demand exceeding total supply. The concept of using inflationary means to stimulate economic growth and using a high rate of inflation to sustain a high rate of economic growth is the theoretical basis for the spiraling of inflation in China. However, the Keynesian idea of using deficit budgeting to stimulate economic growth is intended for a capitalist economy with a shortage of demand, not for a socialist economy with excessive demand.

The Keynesian theory contradicts the theory of a balanced annual budget in which spending must be kept within the limits of income, but it still emphasizes the need to maintain a budget balance over a period of time. Thus it does not lend any support to the reality in China where deficits occurred year after year for a whole decade. So far, not a single country has claimed success in using a high rate of inflation to sustain a high rate of economic growth. Although inflation is present in many countries, no government has the effrontery to declare

that it is practicing an inflationary policy. On the contrary, they all talk about anti-inflation policies. Thus, we cannot use the fact that some countries have a high rate of inflation to justify the presence of inflation in our country, still less use this as an excuse to pursue inflationary measures.

The key to improving the economic environment and freeing reform from its current difficulties lies in the curbing of excessive total demand. The reason for this is that only when primary demand-pulled inflation is curbed can secondary chronic inflation be gradually halted, and only when there is sufficient leeway will we be able to set free suppressed inflation, carry out price reform that combines flexibility with readjustment, and gradually straighten out the distorted price system. To achieve this, it is necessary that we fundamentally renounce the idea that a deficit is beneficial and without harmful effects, and eliminate the influence of this idea in economic decisionmaking. Although we cannot as yet halt inflation, we must make it very clear that inflation as a policy option cannot be tolerated or adopted. Moreover, we must always remain sober-headed and try as far as possible to take feasible measures to curb inflation and create a good environment for reform and development in China.

19. In order to curb the excessive growth of total demand, we should not only curb credit inflation and budget deficits but should also eliminate errors in the primary distribution of the national income.

a. There has been serious credit inflation in recent years. This is shown by the fact that the rate of growth of money supply now exceeds the rate of economic growth, and can be verified by the fact that the previous two readjustments both had their focus on the tightening of bank credit. The situation these years is marked by financial difficulties. Money is hard to come by, and leadership at various levels is all looking to the banks for loans. To satisfy the needs of different quarters, the banks see the flexible use of funds as their only way out. While it is correct to make flexible use of funds, we must be aware of the side-effects of enlarged credit. Since deposit reserves afford the only regulatory means with which to cope with the enlargement of credit, credit expansion is unavoidable. At present, some branches of banks are short of cash, some banks are even making use of their interbank exchange differences in extending credit, and some agricultural banks are lending funds set aside for the purchase of farm and sideline products to township and town enterprises. All these are examples of credit inflation. In the past, rural credit cooperatives absorbed funds from the rural areas but extended very little credit. In recent years, credit extended in support of the development of rural enterprises increased substantially, with the result that sums transferred to the agricultural banks decreased rather than increased. Over a thousand credit and investment cooperatives funded by banks mushroomed. Underground banking institutions also emerged as external channels of circulation. These have exacerbated credit inflation to varying degrees.

However, we should also bear in mind that credit inflation is, to a large extent, caused by budget deficits. By the end of 1987, bank loans sought by the state to cover successive years of budget deficits amounted to 51.4 billion yuan. Added to these are bonds purchased with bank funding and the fact that the burden of supplementing the fixed quotas for the circulating funds of enterprises has been transferred from the state to the banks. Thus, it is by no means easy for banks to curb credit inflation.

b. The need to balance revenue and expenditure was emphasized in classical economics and socialist economics, but this concept was crushed by practice over the last 10 years. Economists of the Keynesian school only replaced the theory of annual balance by the theory of periodic balance, maintaining that while deficits may be allowed for a number of years over a given period, there must be surpluses in the other years. Although other countries in the world may also have incurred deficits for 10 years running as we did, such a practice is not theoretically commendable. Thus, the theory that deficits are without harmful effects and the practice of deficit budgeting year after year are bound to exhaust the banks' resources and reduce them to "suitcase banks" without funds of their own.

This will adversely affect the policy of working within one's capability, abet the tendency of concerning oneself only with one's own needs but not with feasibility, upset the comprehensive balance of the national economy, and magnify the contradictions between total supply and total demand. We should see that while budget deficits may be made good by having recourse to bank overdrafts and credit, issuing bonds, and seeking foreign loans, these are but temporary measures and cannot be regarded as a long-term source of income. Once we fall into the "debt trap," we will not be able to climb out. We must recognize this hidden problem as quickly as possible.

c. Why did deficits occur year after year and why is it that we have been unable to balance revenue and expenditure? There are many reasons for this, but the main reason is that there are errors in the primary distribution of the national income. In 1978, revenue accounted for 37.2 percent of the national income. Its proportion dropped to 31.9 percent and 28.9 percent respectively in 1979 and 1980. An important reason for this was that while the relationship between the state and the peasants in the distribution of the national income was changed by the readjustment of the purchase prices of farm and sideline products, a corresponding readjustment was not made in respect of their selling prices. In the few years after 1981, the above-mentioned proportion dropped to around 25 percent. An important reason for this was that as a result of the granting of tax rebates and profit concessions in the course of enterprise reform, as well as the granting of preferential treatment to township and town enterprises and enterprises run by educated youths, there was rapid economic growth but sluggish growth in terms of revenue. By 1988, the proportion of revenue further plunged to around 19 percent, mainly because

the base figure for delivery to the state was fixed as a result of the implementation of the enterprise contracting system.

Most theories on the distribution of the national income maintain that the key to making a good job of distribution is to treat the national income as a "cake" and make it as big as possible. In this way, the state, the enterprise, and the individual will all receive a larger share. However, the situation in China was that domestic revenue only increased at an average annual rate of 7.7 percent between 1978 and 1987 after allowing for income from domestic and foreign liabilities, while real growth after allowing for price increases was a mere 0.7 percent. On the other hand, the value of total social product, the gross output value of industry and agriculture, the gross national product, and the national income calculated at constant prices only increased at an average annual rate of 10.8 percent, 10.6 percent, 9.4 percent, and 9 percent respectively over this period. These figures were 10.1, 9.9, 8.7, and 8.3 percentage points lower compared with domestic revenue after allowing for price increases. In 1988 in particular, the rate of increase of revenue lagged behind the rate of price increases. The "cake" was made bigger, but the share received by the state was reduced. Under the circumstances, it was very difficult to eliminate budget deficits. Due to financial difficulties, much of the pressure was transferred to the banks, making it difficult to curb credit expansion. Thus, an analysis of the causes of the excessive growth of total demand cannot but involve the problem of the excessive and over-hasty transfer of benefits in the primary distribution of the national income. This is the cause of many of the dilemmas in our economic life. Unless we are prepared to do something about the pattern of the distribution of benefits, improvement and rectification will remain an ineffectual remedy, and cannot bring about a drastic change in the situation.

20. We should pay attention to the optimization of the structure of industry. The key to freeing reform from its current difficulties lies in whether or not we can optimize the structure of industry in the course of retrenchment. However, to this day, agriculture, energy, communications, and other departments of basic industry remain "bottleneck" areas. It is unlikely that their underdevelopment will be changed in the near future. There is also the possibility that the structure of industry may further deteriorate. The reasons we have not been able to change the structure of industry in all this time are as follows: 1) Regulation by planning is no longer as effective as it was 30 years ago. Targets mapped out in the state plans sometimes fell through because financial resources of the central government were exhausted. 2) There was structural imbalance in the market economy.

Normally balance can be restored through the self-regulatory mechanism of market forces. In China, however, this "self-regulation" became "inverted regulation" because of the distorted price system, departments of basic industry such as energy and communications remained underdeveloped because of low price levels,

and the overdeveloped processing industries could not be cut back because of high price levels. 3) Having become main bodies of interests, the localities tended to place their local interests above the overall interests of the whole country. Areas producing resources made use of their own resource superiority to develop processing industries, with the result that "big factories did not have enough to keep going as small factories were being built." This exacerbated the structural imbalance. Different localities should have their own particular emphases in their respective industrial structures, but now there is a tendency for this structure to become standardized. 4) Unreasonable prices could have been regulated and alleviated through the taxation lever. At the same time, the high rate of product tax was originally intended as a means of restricting consumer demand as well as production. The fact that the taxation lever is not working properly is encouraging the localities to develop products with high tax rates. 5) There is a gambler's mentality throughout society. Everybody knows that blind and duplicated construction yields very poor economic returns, but most people think that they might be lucky and be able to reap some profit if they have a go. This gambler's mentality exacerbated the structural imbalance, lowered the returns on the allocation of resources, and made it impossible to achieve the anticipated policy targets. Policies will inevitably be twisted because people who devise countermeasures will only make decisions beneficial to themselves after analyzing the policy effects.

21. We must pay a price in our efforts to improve the economic environment. No one will raise any objection when we talk about improving the economic environment in abstract terms, but if tough measures are indeed taken, there will be obstacles due to the rigidity of interests. A negative interest rate is not conducive to the regulation and control of credit, but there was opposition when the interest rate on loans was raised to the same level as the rate of inflation. Readjustment requires that those enterprises with poor performance and large deficits be eliminated, but the insolvency law still cannot be put into force although it has already been formulated. Readjustment requires that the country prepare itself for a few years of austerity, but no one wants to be affected by the retrenchment. If this situation drags on, and everybody is unwilling to sacrifice their own economic benefits, inflation will indirectly harm the economic benefits of each and every one of us, and it will not be possible to improve the economic environment. Thus, it must be made clear that we must pay a price for an improved economic environment. Only then will we be able to resolutely take some tough measures.

The deepening reform involves competition and elimination. The biggest price we have to pay is to create the conditions for elimination, speed up the establishment of a social security system, and issue unemployment relief. However, these cannot be done because of our economic difficulties. We could consider adopting the labor-relief method to organize the unemployed in

public welfare construction. We could also consider setting up an unemployment relief fund with some of the funds earmarked by the government for subsidizing enterprises running at a loss and with proceeds from the sale of some of the state-owned enterprises, to be eventually replaced by unemployment insurance.

Regional Economic Cooperation Yielding Results

OW0309213389 Beijing Domestic Service in Mandarin
0930 GMT 22 Aug 89

[From the "National Hookup" program]

[Text] Various forms of lateral economic cooperation carried out in six provinces and three cities in central and south China herald a new phase in regional economic cooperation in those areas and further bring into play the general economic advantages enjoyed by areas in central and south China. The above information was obtained by the station reporter from the fifth joint meeting of the Economic and Technical Cooperation Zone in Central and South China on 22 August.

The six provinces and three cities in central and south China are Guangdong, Guangxi, Hubei, Hunan, Henan, Hainan, Guangzhou, Wuhan, and Shenzhen. Since the fourth joint meeting of the Economic and Technical Cooperation Zone in Central and South China held last year, and thanks to joint efforts made by the six provinces and three cities, a regional cooperative network consisting of four levels of cooperation—that is, cooperation between counties, between prefectures, between provinces and border areas, and between provinces—has begun to take shape.

Guangdong and Guangxi signed an agreement to jointly build (Changzhou) project, a key hydroelectrical project in Wuzhou City. The engineering project, with an investment of 2.2 billion yuan and an installed capacity of 620,000 kilowatt hours, is by far one of the biggest lateral economic cooperative projects signed between provinces. The enterprise groups and enterprise establishments formed in the central and south cooperative zone have brought about rationalization of organization structure in enterprises in the cooperative zone. Last year, Zhengzhou City saw the formation of the (Baikou) enterprise group, a group dealing in molding materials and molds; Guilin City saw the emergence of the Nanfang Rubber enterprise group; and Liuzhou City the establishment of the Liuzhou Engineering and Machinery Group. Last year also saw the formation of a number of Sino-foreign joint enterprises in the cooperative zone. The Double Horse Electric Group, an enterprise group headed by Liuzhou City General Electric Plant, is a group formed by 80 enterprises from 5 provinces, 2 special economic zones, and Thailand and Hong Kong. These enterprise groups all help bring the economic advantages in the areas of central and south China into play.

In addition to constantly exploring new forms of economic and technological cooperation, this cooperative

zone also seriously implements cooperative projects. According to an incomplete estimate, this cooperative zone has implemented some 1,000 cooperative projects since last year.

Agriculture Minister Urges Continued Reform

HK0709020989 Hong Kong SOUTH CHINA
MORNING POST in English 7 Sep 89 p 10

[By Willy Wo-lap Lam]

[Text] A protege of ousted party chief Zhao Ziyang has delivered a warning to conservative economic planners not to roll back reforms in the rural area.

In a speech to agrarian cadres in Inner Mongolia, Mr Chen Junsheng, a State Councillor with responsibility for agriculture, warned against the trend of re-collectivisation.

"We must respect the wishes of the masses," Mr Chen said. "The implementation of an adequate level of collectivisation must be based on the voluntary wishes of the masses."

"In raising the degree of collectivisation, we must respect the natural flow of things and (the principle of) seeking truth from facts. We must avoid using force."

Mr Chen, who helped Mr Zhao draw up many of his programs for economic reform, also cautioned against "going back to the old road" of the command economy.

"We must stabilise various existing reform measures," Mr Chen pointed out. "We must not change any of the reform measures which have been proven to be effective."

Chinese analysts say that Mr Chen is aiming his criticism at those central planning-oriented cadres who want to abrogate the family responsibility system introduced by such reformist leaders as Mr Zhao and Mr Wan Li.

Under the system, communal land holdings are divided up into family-size plots and each family is allowed to grow whatever crop it likes. Households which want to give up agriculture are also free to go into industry and commerce by becoming private entrepreneurs.

According to Mr Chen, the responsibility system has "vastly raised the production enthusiasm of farmers and livestock-rearers, pushed forward the development of agriculture and is welcomed by farmers and livestock-rearers".

For conservative cadres, however, the responsibility system has lowered the nation's farm output, specially grain production.

According to Miss Jiang Xiaowei, an economist with the State Planning Commission, "agriculture has about reached its limit of development on the household basis".

"The household responsibility system, though successful in the past decade in promoting farm production, has dispersed farmlands, technical know-how and capital and made large-scale and comprehensive investment impossible."

Moreover, say farming experts, the growing of rice and wheat has fallen out of favour because producing vegetables or other cash crops is seven times more profitable than growing grain. And branching out into industry and commerce is even more lucrative.

Since the ousting of Mr Zhao in June, newly ascendant hard-liners have pushed re-collectivisation: forcing farmers to go back to commune-type production. In rural areas, cadres have asked farmers to merge their plots and to return to the "traditional lines" of wheat and rice.

Analysts say this reflects the policy priorities of patriarch Chen Yun, who is known as the mentor of such central planning-oriented cadres as Prime Minister Li Peng and Vice-Premier Yao Yilin.

In spite of the new emphasis given to grain-growing, however, analysts doubt whether Beijing could reach its 1989 grain production target of 410 million tonnes.

In a dispatch yesterday, the official China News Service quoted an official of the State Statistical Bureau as saying that "while this year's early and summer grain yields were 3.51 million tonnes more than last year, to reach this year's target, the autumn harvest must be 12.5 million tonnes more than 1988. This is a tall order".

The official ECONOMIC DAILY also quoted an authoritative Beijing agronomist on the point that "1989 is likely to be the fifth year in which the agriculture sector continues to stagnate".

Due to the low monetary returns on grain, investment in agriculture has fallen. So far this year, the two major grain-producing provinces of Sichuan and Hubei have only invested 20 million yuan (HK\$42 million) in agriculture, or 130 million (HK\$273 million) short of what experts in the provinces had asked for in early 1989.

Analysts say that in spite of opposition by Mr Chen Junsheng and other liberal cadres, the State Council will most likely enact new rules and regulations to promote collectivisation.

East Region

Anhui Secretary Pays Last Respects to Su Hua

OW0709085789 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 23 Aug 89

[Excerpts] A ceremony to pay last respects to Comrade Su Hua's remains was held in the Hefei funeral home yesterday afternoon. Su Hua was a deputy to the seventh National People's Congress, vice chairman of the seventh Anhui Provincial People's Congress Standing Committee, and deputy secretary of the leading party group of the provincial People's Congress Standing Committee. [passage omitted]

Wreaths were sent by Xu Xiangqian, Song Renqiong, Zhang Jingfu, Wang Zhen, and Sun Qimeng. Li Guixian sent a message of condolence. Those who attended the ceremony and also sent wreaths were Lu Rongjing, Wang Guangyu, Fu Xishou, Shi Junjie, Meng Fulin, Yang Yongliang, Liu Guangcai, Zhao Baoxing, Wang Shengjun, (Hu Yong), Shao Ming, (Chen Guanghua), Hou Yong, Cui Jianxiao, Zheng Rui, Ying Yiquan, Kang Zhijie, Du Weiyou, Chen Tingyuan, Yang Jike, Chen Tianren, (Du Hongben), Long Nian, (Fang Keren), (Fu Renye), (Wu Changqi), Zhang Runxia, Xu Leyi, Ma Leting, Wang Zenong, Liu Yiping, Guang Renhong, Sun Youqiao, Meng Yiqi, Teng Maotong, Pan Ezhang, (Zhao Baishou), (Li Yuanqi), (Wang Tingren), and Feng Jianhua.

Those who sent wreaths and messages of condolence were Li Baohua, (Chen Zhijun), Su Yiran, Zhou Zijian, (Du Boqi), Zhou Yibing, (Liao Chengmei), Chen Zuolin, Yuan Baohua, Huang Huang, Wang Yuzhao, Yang Haibo, Wang Daohan, (Yuan Mumin), Chen Jinhua, (Su Jun), (Chen Yunlong), Li Zhen, Ye Gongqi, Sun Guizhang, (Gao Jun), (Du Haiwan), (Hong Dating), An Gang, (Jiang Ming), (Ke Zhihua), (Su Daoqi), (Zheng Huaren), (Bei Zhiren), (Ma Bin), and (Xu Fangteng).

Those who attended the ceremony and sent wreath also included (Li Shinong), Zhang Kaifan, (Yang Weiping), Su Yu, (Ma Changren), (Zhang Zuoyin), (Sui Guangchao), Wei Xinyi, Xia Deyi, (Yang Ming), (Yang Chenggong), Zhao Minxue, (Zhao Kai), Zheng Huaizhou, (Sun Gaozeng), (Liu Lianming), (Meng Jiaqin), (Xu Shiqi), (Hu Hai), (Guo Jingyang), (Liu Zhentian), (Li Zhendong), (Sun Gongrong), Li Qingquan, Zhu Nong, (Hu Qiguang), (Yin Jude), (Li Zhiqiang), (Du Dagang), (Bai Like), (Ou Yafang), Hong Qingquan, (Xu Hanwen), (Qin Guangyu), (Xu Shuzhi), (Jiang Tianran), and (Ye Gongrong). [passage omitted]

Report Describes Anhui Student Radio Station

OW0309092389 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 17 Aug 89

[From the "Provincial Hookup" Program]

[Text] On the morning of 10 August, our station aired the first of the reports on major events taking place in

Anhui during the turmoil, which featured the story on [words indistinct] lawless elements and students unaware of the truth attacking [words indistinct]. We will now broadcast the second of these reports, entitled: The 6 Days of Illegal Activities of the Voice of the People Radio Station.

On 4 June 1989, in compliance with the sagacious decision of the CPC Central Committee, the martial law enforcement troops of the People's Liberation Army [PLA] moved to put down the counterrevolutionary rebellion in Beijing. In contrast with this act of justice which was representative of the will of the people, the so-called Voice of the People broadcasting station appeared in the square of the Hefei City Hall on the same day. The short-lived broadcasting station, which lasted only 6 days, spread rumors, slandered the party and the government, and incited workers, students, and businessmen to strike. It stopped at nothing in creating provocative counterrevolutionary propaganda, aggravating the situation of turmoil in Anhui.

(Yang Feng), head of the Voice of the People broadcasting station, was a student of the mechanical engineering department of the Anhui Engineering Institute from 1985. He once served as chairman of the illegal Students Self-Government Committee of the Anhui Engineering Institute. He was also one of the core members of the Union of Hefei College Students. He had joined others on many trips around the province aimed at establishing contacts, and had taken part in such activities as organizing secret meetings of the Union of the Hefei College Students, engineering workers' and shop owners' strikes, and setting up road blocks.

On the eve of the counterrevolutionary rebellion, (Yang Feng) went to Beijing and brought back reactionary propaganda articles, including four audio tapes and leaflets. On the morning of 4 June when the Voice of America broadcast the rumors of the Chinese Government carrying out a bloody suppression of the democracy movement and causing students ignorant of the truth to take to the streets, (Yang Feng), reckoning the time was ripe, brought with him a tape recorder and followed the rally to the square of the Hefei City Hall. He climbed onto the post at the door of the City Hall, turned on the Voice of America broadcast, and played the four tapes he brought back from Beijing to the crowd. The result was disappointing because of the low volume. So (Yang Feng) and his group solicited donations on the scene and used the money to purchase three tweeters and two amplifiers. They erected the broadcasting equipment on the top of a small tent on the southwest corner of the square and began illegal propaganda activities.

At 2000 that night, (Yang Feng) left the square to attend a meeting of the Union of Hefei College Students at the provincial education institute [shen jiao yuan]. At the meeting he suggested setting up a broadcasting station in the square. Leaders of the Union of Hefei College Students endorsed and approved the suggestion right on the spot, which pleased (Yang Feng) very much. After

returning to campus at 2300, he wasted no time in convening a group of students to discuss matters pertaining to building a broadcasting station. A decision was made to name it the Voice of the People broadcasting station. After a day's intense work on planning, the Voice of the People was officially inaugurated.

Spreading and concocting rumors, confusing and deceiving the people, and advocating unrest and rebellion were the dirty tricks employed by the Voice of the People to carry out its counterrevolutionary propaganda campaign. Every day the Voice of the People transmitted a vast amount of various rumors spread by the Voice of America, BBC, and Taiwan and Hong Kong news agencies that distorted the truth of the Beijing counterrevolutionary rebellion and its quelling. In addition, the Voice of the People provided an open stage for a extremely small number of troublemakers to vilify party and government leaders and calumniate the socialist system.

From 4 to 9 June, the station transmitted as long as 15 hours daily, from 0800 to 2300 [2300 GMT to 1400 GMT]. The station openly called on workers, merchants, and students of Hefei to launch strikes. It even lied in its special news bulletin that Hefei might declare a state of emergency soon to crackdown on the students and residents. The station asked the broad masses of youths and residents to have gasoline ready to prepare Molotov cocktails and introduced the methods of making and using them.

In view of the serious situation of turmoil mentioned above, the departments concerned under the Hefei City government jointly issued a circular proscribing by formal decree the illegal broadcasting station. The party and Communist Youth League [CYL] organizations of the Anhui Engineering Institute also asked involved students to stop their activities in relation to the broadcasting station. Sensing a bad omen from the turn of events, (Yang Feng) immediately sought help from the Union of Hefei College Students. As a result, some students from three universities and colleges came to offer their support. Nevertheless, the [words indistinct] of the turmoil changed quickly. At 1900 on the night of 9 June, (Yang Feng) had no choice but to dismantle, quietly and in the midst of gloomy, windy, and rainy weather, the once raving Voice of the People broadcasting station and sullenly put the equipment away.

The clumsy performance of the Voice of the People in its short 6-day existence revealed an undeniable fact: It is not the voice of the people, and furthermore, it is the voice that tries to push the people toward tribulations and turmoil.

Chen Guangyi Attends Fujian Party Meeting

*OW0309184789 Fuzhou FUJIAN RIBAO in Chinese
1 Aug 89 p 1*

[Text] On 29 July, the Standing Committee of the Fujian Provincial CPC Committee held an enlarged meeting. The

meeting seriously studied the guidelines of the 27 and 28 July plenary meeting of the CPC Central Committee Political Bureau, thoroughly discussed the "decision of the CPC Central Committee and the State Council on doing a few things of concern to the masses in the near future," and put forward opinions on its implementation in consideration of the realities of this province.

Comrade Chen Guangyi presided over the enlarged meeting of the Standing Committee. Present at the meeting were members of the Standing Committee of the provincial party committee; responsible comrades of the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, and the provincial Committee of the Chinese People's Political Consultative Conference; and principal responsible persons of various departments concerned.

The meeting held that it is of great significance that the Central Committee Political Bureau specifically studied the questions of combatting corruption, ensuring honesty in performing official duties, and displaying a spirit of hard struggle in accordance with the guidelines of Comrade Deng Xiaoping's important speeches, and made relevant decisions. This fully shows the resolution of the central authorities in implementing the four major tasks [put forward by the 4th Plenary Session of the 13th CPC Central Committee] in an all-around way and in seriously combatting corruption. It reflects the aspirations of the broad masses of cadres and people. The comrades present at the provincial meeting unanimously expressed their support for the central authorities' decision and their determination to carry it out.

On combatting corruption, the 10th plenary meeting of the fourth provincial party committee proposed a plan to deal with five questions in the near future—to sort out and reorganize business firms and enterprises run by leading cadres or their sons and daughters in violation of regulations; to seriously investigate and handle major cases of abusing power to seek private gains, and make the results of the handling public; to stop the irregularity of using one's power to occupy land and build private housing on it; to screen cases of leading cadres' relatives and children going abroad in violation of regulations; and to strike severe blows at serious crimes, including economic crimes and other evils in the society. On 25 July, the provincial party committee held a meeting of secretaries of leading party groups of provincial departments and bureaus, and made concrete arrangements for combatting corruption. While the whole province is implementing those arrangements and making certain progress, the seven-point decision made by the Central Committee Political Bureau has given us additional confidence and strength. The enlarged meeting of the Standing Committee of the provincial party committee, in consideration of Fujian's realities, discussed one by one the seven things that the party Central Committee and the State Council have decided to do in the near

future. The meeting has put forward the following opinions of the provincial party committee and the provincial government on how to implement seriously the "decision of the CPC Central Committee and the State Council on doing a few things that are of concern to the masses in the near future":

1. The provincial leading group in charge of screening companies shall organize people to recheck how this project has been carried out in the province. It should pay special attention to the companies in the circulation sphere—companies engaging in commercial business or foreign trade, commodity supply companies, financial companies, and companies operated by party or government organs. It should, in particular, deal with issues concerning these companies' operations in violation of the law, illicit collaboration with interests abroad, speculative buying and selling, practicing of graft, corruption, and soliciting of bribes. Firm actions must be taken to close down excess companies. The provincial government shall announce the screening results so that the people can exercise their supervision. Questionable companies shall be given a deadline to come up with remedial measures, and the results of how some companies are handled shall be publicized. All government authorities shall be responsible for the screening according to rules, and nobody shall intervene. During the screening period, the establishment of new companies will not be approved.

2. Firm actions shall be taken to ban high-ranking cadres' children from engaging in commercial business. Members of the provincial party committee Standing Committee and vice governors should take the initiative in doing this. Their spouses and their children, as well as their children's spouses, shall not be involved in any business within the sphere of circulation. They may not work, part time or full time, at companies in the circulation sphere. Those who do should resign by 1 September 1989 and be reassigned. Leading comrades may not use their power to assist in any way the commercial undertakings of their relatives and friends.

3. Regulations that provincial leaders may not enjoy "special supplies" of food and other privileges shall remain effective. Any covert but special treatment for leading party and government cadres is not permitted.

4. From now on, importation of sedans is strictly banned, and vehicles shall be allocated strictly according to regulations. The provincial party committee secretary and governor should switch to domestically produced vehicles, and domestically produced vehicles shall be used for provincial cadres' transportation or for the replacement of their vehicles. Party and government organs may not accept any foreign-made sedans given to them as gifts. In accordance with the regulations of the central authorities, the provincial government should draw up specific regulations governing the allocation and use of vehicles by leading cadres at various levels.

5. Entertaining guests at dinner parties and giving gifts are strictly prohibited. Provincial leaders may not use public funds for entertaining personal guests. When they visit the lower and grass roots units, they shall eat meals as given for regular work. The offices of the provincial party committee and the provincial government shall draw up specific measures in this regard and supervise their implementation. Receiving samples, gifts, and other articles in any name is prohibited. Whoever violates this rule shall be subject to investigation.

6. All regulations governing foreign trips shall be strictly enforced. Leading cadres' foreign trips shall be strictly controlled and the screening system shall be strictly enforced. Foreign trips made by county-level or higher ranking cadres must be relevant to their official capacity, and trips made in the name of study tours and those not essential for official business or incompatible with their official capacity shall not be made. No one is allowed to invent excuses to exploit the foreign trip quotas and budgets allotted to lower departments. Foreign trips made by county-level party and government leaders shall have the provincial government's authorization.

7. Firm actions must be taken to investigate all cases, especially the major ones concerning corruption, receiving of bribes, and activities of speculation and profiteering. The principle that all citizens are equal before the law must be upheld. Whoever deserves punishment according to law must be punished, no matter who he or she is. All those who embezzle, accept bribes, or engage in speculation or profiteering must surrender to the authorities and return the illicit incomes by a certain deadline, or they shall face harsh punishment according to law. All localities must earnestly handle a number of major cases. Provincial authorities must promptly finish the handling of all major cases at hand and publicize the results in August.

The meeting urged all relevant provincial authorities to draw up detailed implementation rules on the basis of the regulations drawn up by the central authorities and the views of the provincial party committee and the provincial government, and report them to the provincial party committee and provincial government for approval and implementation. It said that all localities and departments must consider their actual situation and work out specific and effective plans for accomplishing some projects to the satisfaction of the masses.

The provincial party committee and the provincial government urged all party and government leaders to act firmly in punishing corrupt officials, perform their duties honestly, and work hard. They said that leaders should "institute a system under which they will take the initiative to challenge tough issues, follow through with all projects," and continue to make unremitting efforts to carry out all the missions set forth by the 4th Plenary Session of the 13th CPC Central Committee.

Banned Publications Go Underground in Jiangsu

OW0709015189 Beijing XINHUA in English
1418 GMT 6 Sep 89

[Text] Nanjing, September 6 (XINHUA)—Inspectors of illegal and pornographic publications in Nanjing, capital of Jiangsu Province, recently warned that pornographic publications have turned to underground channels in the wake of the nationwide anti-porn drive.

"The formidable and protracted nature of the drive should not be ignored," inspectors warned.

According to local officials, the city has banned 60 illegal publications sold by 13 wholesalers, but 190,000 copies have passed on to retailers. The city has only been able to confiscate 17,000 copies.

Except for a small number being sold to readers in the city, most of the banned books have been hidden or sent to the countryside, the inspectors said.

Local cultural official Li Yunxiang warned that unless the management of the book market becomes regular, systematic and legal, the dirty flow will pour out again after the anti-porn drive ends.

Shanghai Students Required To Observe Discipline

OW0609131989 Beijing XINHUA in English
0949 GMT 6 Sep 89

[Text] Shanghai, September 6 (XINHUA)—Students of Shanghai universities and colleges are required to strictly observe school discipline and regulations.

A notice issued by the Shanghai Municipal Higher Education Bureau when the new school year began early this month says school leaders should give priority to ideological work and school discipline, teachers should improve their teaching and discipline work and legal education should be strengthened among students. Education should also cover a correct understanding of the social unrest and the anti-government riots which took place in early June in Beijing.

The issuing of the notice is aimed at correcting the deterioration of campus discipline in recent years and ideological armament against bourgeois liberalisation. Aversion to discipline, gambling, fighting, stealing and cheating in examinations are phenomena frequently seen in recent years among students. Students were active during the period of social unrest in Shanghai not long ago.

The notice requires students to establish and strengthen a sense of citizenship and to refrain from taking part in any illegal gatherings, strikes or demonstrations. They are also not allowed to set up mass organizations or hometown societies without the permission of the school authorities, nor to publish illegal publications or put up any form of poster, the notice says.

Those who organize, incite or take part in strikes will be punished or expelled, the notice says.

In order to guarantee normal order and a study atmosphere in the schools, cheating in examinations, playing mahjong, gambling, fighting and drinking are banned. Hard study and plain living are encouraged and luxurious living and extravagance should be criticized.

Central-South Region

Guangdong Stresses Propaganda, Ideological Work

HK0609003789 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 3 Sep 89

[Excerpts] Huang Hao, member of the Standing Committee of the provincial party committee and director of the Propaganda Department, pointed while speaking at a provincial conference on propaganda and ideological work this morning out that it is necessary to strengthen vigorously propaganda and ideological work, and to correct mistakes that have caused an imbalance in propaganda and ideological work.

Huang Hao said: Over the past 10 years, our performance in propaganda and ideological work in Guangdong has been generally good. But, on the whole, we failed to keep a balance in four aspects: First, we failed to keep a balance in the propaganda for the two upholds [lian ke jian chi]; second, we failed to keep a balance in the propaganda for the development of two civilizations; third, we failed to keep a balance in the propaganda for the fine traditional culture and the foreign culture; and fourth, we failed to keep a balance in publicizing things that are desired and things that are tolerated. [passage omitted]

This provincial conference on propaganda and ideological work opened in Guangzhou yesterday. The purpose of the conference was to relay the spirit of the recent national conference of directors of propaganda departments, to study the documents concerned issued by the central authorities, and to find out a way to strengthen propaganda and ideological work in light of the actual circumstances in this province.

Guangdong Stresses Teachers Political Work

HK0609074189 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 6 Sep 89

[Excerpts] The provincial party committee and government solemnly held a meeting at the provincial party committee auditorium this morning to mark the 1989 Teacher's Day.

More than 1,700 people attended the meeting, including Ye Xuanping, Fang Bao, Lu Zhonghe, and other leaders of the province and Guangzhou City, as well as representatives of outstanding teachers and educationists and people of all walks of life.

The meeting was presided over by Vice Governor Lu Zhonghe. [passage omitted]

On behalf of the provincial party committee, Standing Committee member Fang Bao extended festival congratulations and best regards to all teachers and educationists of the province. He pointed out: Under the new situation, the education front is faced with heavy tasks, especially the task of strengthening ideological and political work. The fulfillment of the arduous task depends on the concerted efforts of all teachers. Fang Bao also noted: A teacher of the people should not only teach well, but also train students with lofty ideals and moral integrity. He should not only pass on knowledge to students but also guide them to be of value to the people. To raise the quality of students morally, intellectually, and physically is the lofty bounden duty of a teacher of the people. It is hoped that all outstanding teachers will bring along teachers of the whole province through their exemplary deeds to better fulfill the arduous and glorious tasks entrusted to them by history and the people.

Guangdong Military Region Sponsors Reading Class

OW0309093689 Beijing Television Service
in Mandarin 1300 GMT 29 Aug 89

[From the "Night News" program]

[Text] [Video begins with medium shots of personnel in military uniform walking toward the camera, then long shots of a large assembly hall, which show the backs of military uniform-clad cadres seated in rows, and several military personnel facing the camera and sitting at a long table on the stage in the front of the hall. Close shots of the cadres seated down the stage follow.]

In early August, over 100 cadres attended the reading classes organized by the Guangzhou Military Region for cadres at and above division level to systematically study in 20 days the writings by Comrade Deng Xiaoping on adhering to the four cardinal principles and opposing bourgeois liberalization, and on the three important speeches he recently made. As a result, the cadres have deepened their understanding of Comrade Deng Xiaoping's consistent central thinking.

On the subject of the sharp confrontation between the four cardinal principles and bourgeois liberalization, Zhang Zhongxian, political commissar of the Military Region, spoke of the necessity to clearly understand eight major ideological and theoretical issues. [Video shows a man seated on the stage speaking. Camera moves to show people down the stage and then back to stage to show some of those sitting up there in close shots] In the later period of the classes, (Gao Tianzhen), director of the Military Region's Political Department, gave advice on strengthening and improving ideological and political work under the current conditions of reform and opening. Zhang Wannian, commander of the Military Region, made the concluding speech. He spoke of the specific demands on the troops in the region to enhance learning of the Marxist theory and to remold conscientiously their world outlook. [Video shows close shots of Zhang Wannian speaking]

Hainan Party Leader Views Economic Issues

HK0709023789 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 6 Sep 89

[Excerpts] A 10-day enlarged meeting of the Standing Committee of the Hainan Provincial CPC Committee concluded in Haikou on 4 September. Xu Shijie, secretary of the provincial party committee, made important speeches at the start and conclusion of the meeting. Deputy Secretary Liu Jianfeng delivered a summation report. Deputy Secretary Yao Wenxu and Standing Committee member Bao Keming also spoke. Those present included Standing Committee members Miao Enlu, Wang Yefeng, and Wei Zefang. [passage omitted]

In his speech at the opening of the meeting, Xu Shijie proposed the following issues:

1. It is necessary to strengthen macroeconomic regulation and control [tiao kong] and perfect economic management. We cannot say that macroeconomic regulation and control is not required because we are pursuing market economy. In particular, in the circumstances of (?insufficient) commodity economy and [words indistinct], guidance by planning is extremely important.
2. It is necessary to solve the problems of planning the processing and circulation of agricultural and sideline products. This is a rather urgent problem. If the produce from bumper grain harvests cannot be sold and a bumper crop of pineapples is left to rot, these are not problems of excessive production, but of failure of work to keep abreast with requirements, and the initiative of the producers is affected.
3. It is necessary to build up a market setup of equal competition and to strengthen management of the development zones.
4. Make good use of our jurisdiction powers in imports and exports and strengthen management over this work.
5. It is necessary to perfect the system of small government and large society, harmonize relations within the small government, and improve its work efficiency. It is necessary to strengthen the management of the large society, especially of companies of all types. We should guide the companies to participate in agricultural development, carry out more processing of agricultural and sideline products, and develop toward [word indistinct].
6. It is necessary to harmonize the relations between the provincial and central departments concerned and further implement the preferential treatment policies allowed us by the central authorities.
7. We must strengthen management over importing foreign investment and cooperating with the interior.

These seven issues are major problems that urgently need resolving in Hainan's current development and construction. The participating comrades actively put forward various good ideas and suggestions. [passage omitted, including indistinct passages]

Hubei Propaganda Work Forum Ends 5 Sep

HK0709050489 Wuhan Hubei Provincial Service
in Mandarin 0900 GMT 6 Sep 89

[Text] The provincial forum on radio and television work, which ended on 5 September, conveyed the spirit of the national forum on radio and television work, summed up experience, both positive and negative, in the province's radio and television work in the past few months, and discussed propaganda work in the near future.

Provincial Party Committee Propaganda Department Chief Wang Zhongnong emphasized at the meeting: Radio and television stations must pay attention to five things at the moment. First is to study well the central spirit and to understand further the guiding ideology for radio and television work and its fundamental tasks. Second is to give wider publicity to economic construction, reform, opening up, and the fight against corruption. Third is to rectify in real earnest the public media of radio and television, and reinforce the leading bodies and the contingent of radio and television workers. Fourth is to fight a fine battle against pornographic products and goods and set things right in the marketing of audio and video tapes. Fifth is to lose no time in making preparations for publicizing the 40th anniversary of the National Day.

Hunan Secretary Attends Anticorruption Meeting

HK0709014789 Changsha Hunan Provincial Service
in Mandarin 2200 GMT 6 Sep 89

[Excerpts] The provincial party committee and government convened a telephone conference on 6 September on further implementing the two notices of the Supreme People's Court, the Supreme Procuratorate, and the Ministry of Supervision. The meeting stressed that in view of the problems in this work in the previous stage, it is essential to enhance understanding, strengthen leadership, and get a good grasp of the work. An upsurge in implementing the two notices should be attained as soon as possible. Chen Bangzhu, deputy secretary of the provincial party committee and governor, presided at the meeting. [passage omitted]

Dong Zhiwen, member of the Standing Committee of the provincial party committee and vice governor, spoke on behalf of the provincial party committee and government. He first summed up the province's performance in implementing the two notices in the previous stage. Following the promulgation of the notices, the province took rapid action and grasped the work relatively well. Initial results have been achieved. By 4 September, 421 persons who had committed crimes and broken the law turned themselves in to the procuratorates, courts, and supervisory organs to make a clean breast of things, and handed over their ill-gotten gains totalling 2.11 million yuan. These persons included 84 section-level cadres.

The current problems are: A few places have not paid sufficient attention to the work or grasped it effectively

enough. Propaganda is not done well enough in some places, while the masses have not been sufficiently mobilized. Certain people who have committed crimes and broken the law are still mentally apprehensive, and not many have turned themselves in to make a clean breast of things. Not many major and important cases have been unearthed.

Dong Zhiwen gave the following views on the next stage of implementing the two notices:

1. Further strengthen leadership. The party committees and government at all levels must assign this work an important place on their agenda, and the principal responsible comrades must tackle it personally.
2. Further organize propaganda and mobilization. It is necessary to give full scope to the role of the two notices and achieve even better results within the deadline.
3. Further strengthen cooperation between the law enforcement departments.
4. Further implement the policies.

Xiong Qingquan, secretary of the provincial party committee, spoke at the conclusion of the meeting. He said that the key to implementing the two notices well lies in giving scope to the power of the masses and of the policies. [passage omitted]

Southwest Region

Secretary Yang Rudai Hails Sichuan Development

HK0609111989 Beijing RENMIN RIBAO in Chinese
24 Aug 89 p 4

[Article by Yang Rudai (2799 3067 1486), Secretary of Sichuan Provincial CPC Committee: "Sichuan Advances With Giant Strides"]

[Text] It is 40 years now since the founding of our socialist PRC. Under the CPC leadership, our Sichuan people, together with the people of whole country, have traversed a glorious course and achieved great successes in carrying out the socialist construction. It is now of much greater significance that at a time when the Chinese people have just won a decisive victory in suppressing the counterrevolutionary rebellion in Beijing, we are going to celebrate the 40th anniversary of the founding of the PRC, a glorious festival of our country.

In the old society, because Sichuan had for a long time been in a state of feudal separatist rule and tangled warfare among warlords, our Sichuan people had lived in untold misery and poverty. After liberation, the people of all nationalities in Sichuan Province stood up and became masters of their own fate. Later on, under the CPC leadership, our Sichuan people successfully accomplished the great transformation from new democracy to socialism, carried out large-scale socialist modernization construction, transformed our barren mountains and

rivers, and won enormous successes in building a new Sichuan. As a result, profound changes have taken place in this Land of Abundance.

—Over the past 40 years, Sichuan has been turned from an agricultural province, which virtually had no modern industries, into a province with a relatively comprehensive and modern industrial structure. Now Sichuan boasts 38 industries. Sichuan's machinery, electronic, metallurgical, chemical, and military industries have also occupied an important position in China's national economy. By the end of last year, the original value of the fixed assets of the industrial enterprises owned by the whole people in our Sichuan Province had ranked the second in the whole country, while the proportion of Sichuan's industrial production in Sichuan's overall industrial and agricultural productions had risen from 16 percent in the first few years after liberation to some 67 percent.

—Over the past 40 years, Sichuan's agricultural and industrial productions have developed by leaps and bounds. Now, Sichuan's traditional agriculture—characterized by self-sufficiency—has been transformed into a commercial agriculture. Sichuan has also become one of the most important agricultural and sideline product production bases in China. Sichuan's grain output, grape output, tung oil output, silkworm cocoon output, orange output, and medicinal material output now rank first China. Thanks to the rapid development of its agricultural production, Sichuan now is not only able to use its limited arable land—which accounts for only one sixteenth of China's total arable land—to feed and clothe its huge population—which accounts for one tenth of China's total population—but is also able to provide a large quantity of grain, live pigs, and timber to other provinces and regions of China to support China's national economic construction.

—The past 40 years has also witnessed a rapid development of Sichuan's communications undertakings. Before liberation, there was virtually no railroad in Sichuan. Now Sichuan has built six major railroad lines and 14 branch railroad lines and has also built its own networks of civil aviation, inland water transportation, and highways which link its urban areas and rural areas. All these have brought about a fundamental change in Sichuan, which was known for its "backward traffic and transportation systems" in the past.

—The past 40 years has also seen a rapid development of Sichuan's scientific, technological, and education undertakings. Before liberation, Sichuan had only two scientific and technological research institutions and four scientific and technological research centers. The total number of scientific research personnel in Sichuan was not more than 200. Now Sichuan has set up more than 600 scientific and technological research institutions staffed by more than over 30,000 scientific and technological research personnel at various

levels. Sichuan has also had a large number of senior scientific and technological research personnel engaged in sophisticated scientific and technological research work. Sichuan's educational undertakings have also witnessed a rapid development over the past 40 years, and have trained a large number of qualified personnel who are presently working for China's socialist construction.

—Over the past 40 years, Sichuan's foreign trade and external economic and technological cooperations have also taken on a new look. While subjecting its foreign trade to the state unified foreign trade, Sichuan has developed direct import and export trade with some foreign countries and regions, and has directly made use of foreign funds. Now Sichuan has established trade and economic cooperation relations with more than 80 countries and regions in the world. It is an undeniable fact that Sichuan is now advancing toward the whole world at a time when the whole world has begun to know about Sichuan.

—The past 40 years has seen an overall improvement of Sichuan people's livelihood. After liberation, our Sichuan people freed themselves from the ruthless exploitation and oppression of the reactionary ruling class, and have since embarked on the socialist road leading to common prosperity. Especially, since the 3d Plenary Session of the 11th CPC Central Committee, the income and livelihood of our Sichuan people have witnessed a fundamental improvement. Now, to the majority of our Sichuan people, the days when people did not have enough food to eat and enough clothes to wear are gone forever. Our 100 million Sichuan people are now in a process of turning a life characterized by "enough food to eat and enough clothes to wear" into "a well-to-do life."

Forty years is only a short span in the long process of human history. Why is it that so many great changes have taken place in our Sichuan Province over the past 40 years? The fundamental reason is that over the past 40 years, our Sichuan people have firmly adhered to the CPC leadership, the socialist road, and the spirit of self-reliance and hard struggle. Especially, over the past 10 years, our Sichuan people have unswervingly adhered to the general principle of reform and opening up to the outside world.

Our Sichuan Province has a very poor economic basis. Over the past 40 years, the state has provided a large number of financial and material resources to our Sichuan Province to support the construction of Sichuan; and the state has made a lot of large-scale investments in our Sichuan Province during different periods, especially during the period when the "Third Front" was being constructed in the province. All these would have been virtually impossible without the liberation of our productive forces by our socialist system—built on the basis of the public ownership of the means of production—and without a planned, step-by-step, and rational development of our natural resources and

economy. Through our practice, our Sichuan people have felt from the bottom of our hearts that only socialism can save and develop China.

The 10 years since the 3d Plenary Session of the 11th CPC Central Committee is a period in which our Sichuan economy has developed most rapidly, and our Sichuan people have benefited the most since Sichuan's liberation. This is because over the past 10 years, our Sichuan people have firmly adhered to the four cardinal principles and the policies of reform, opening up to the outside world, and developing China, which have been personally formulated by Comrade Deng Xiaoping. Sichuan was a disaster region during the "Cultural Revolution." After the downfall of the "gang of four," Sichuan people were very anxious to eliminate Sichuan's backwardness and build Sichuan into a prosperous province. It is because of this reason that our 100 million Sichuan people have firmly and wholeheartedly supported and actively implemented the policies of reform and opening up to the outside world, which were first put forward by Comrade Deng Xiaoping. The reforms we have carried out thus far have indeed further perfected our socialist system and pushed ahead with the development of our productive forces.

Over the past 40 years, Sichuan Province has achieved enormous unprecedented successes in its economic construction. However, compared with some advanced provinces and regions in China, our Sichuan Province still lags far behind, and has yet to work harder to fulfill the tasks given by the CPC Central Committee and the State Council. It is true that we will probably come across some difficulties and hardships on our way forward in the years ahead. Nonetheless, we are fully confident that we will be able to overcome all those difficulties and hardships. We are now more determined than ever to carry out all types of our work according to Comrade Deng Xiaoping's instructions: calmly meditate the past so as to continue to develop what has been proven correct, and correct what have been proven wrong; and exert our utmost to catch up with the advanced provinces and regions in our country. In the meantime, we will also calmly think about the future so as to more resolutely implement the spirit of the 4th Plenary Session of the 13th CPC Central Committee by proceeding from a new point of departure in the history, adhere to the correct leadership of the CPC Central Committee and the State Council, comprehensively and accurately carry out our party's basic line of "one center, two basic points," develop the spirit of self-reliance and hard struggle, and win new victories in the building of the socialist material civilization and spiritual civilization in Sichuan Province.

Yunnan Nationalities Association Established

HK0509063689 Kunming Yunnan Provincial Service
in Mandarin 1200 GMT 2 Sep 89

[Excerpt] The Provincial Minority Nationalities Association was officially established in Kunming on the afternoon of 1 September.

Provincial Party Committee Secretary Pu Chaozhu and Deputy Secretary Yin Yin Jun attended the meeting and extended congratulations.

Vice Governors Zhao Tingguang and Comrade (Wang Yanfang) made a speech on the nature, aim, and tasks of the association.

The Provincial Minority Nationalities Association is a provincial mass organization of workers engaged in work for minority nationalities which aims at academic research of minority nationalities. Under the leadership of the party and in adherence to the line, principles, and policies laid down since the 3d Plenary Session of the 11 CPC Central Committee, the association will unite the province's workers engaged in work for minority nationalities to study in depth problems concerning minority nationalities in Yunnan in the initial stage of socialism; organize and conduct academic research in the economic, educational, and legal fields; and make vigorous efforts to train cadres of minority nationalities and talented people for all fields of work. [passage omitted]

North Region

Beijing Secretary Speaks on Economic Crimes

SK0709042189 Beijing BEIJING RIBAO in Chinese
17 Aug 89 p 1

[Text] At a mobilization rally on building the spiritual civilization and greeting the National Day and the Asian games held in the capital on 16 August, Li Ximing, member of the Political Bureau of the party Central Committee and secretary of the municipal party committee, urged "party committees at various levels, and all districts, departments, and units throughout the municipality to take immediate action to implement conscientiously the notice of the Supreme People's Court and the Supreme People's Procuratorate on criminal elements who are engaged in embezzlement, bribe-taking, profiteering, and speculation having to turn themselves in within the given time, and to strengthen leadership over blows to economic criminal activities."

Li Ximing said: Resolutely punishing corruption and waging struggles against serious criminal activities in the economic field, such as embezzlement, bribe-taking, profiteering, and speculation, is an important task decided by the 4th Plenary Session of the 13th CPC Central Committee, and an important step adopted by the party Central Committee to carry out its "decision" on accomplishing seven things that the masses are concerned about in the near future. It not only conforms to the common aspiration of the people and the party, but also is an important issue concerning adherence to the four cardinal principles.

He said: Adherence to the principle of reform and opening up over the past 10 years has promoted the development of productive forces, and yielded some

achievements, which attract worldwide attention. However, in the process of developing the socialist commodity economy, some seriously corrupt phenomena have also emerged. Some people have furiously carried out economic criminal activities, such as embezzlement, bribe-taking, profiteering, and speculation; and many trades and strata of society have been involved, including self-employed laborers, workers, peasants, state personnel, and even leading cadres. Some people took advantage of the authority they possessed or the characteristics of their trades to engage in such criminal activities, such as extortion, embezzlement, bribe-taking, profiteering, and speculation. These corrupt phenomena undermined the socialist economic order, damaged the socialist economic foundation, interfered with reform and opening up, and corrupted social conduct. They also constitute a factor leading to social disturbance which brooks no negligence.

Li Ximing stressed: There are 2 and 1/2 months from the date the notice was issued to 31 October. In this connection, the following work is urged. First, party committees at various levels should strengthen leadership over the blows to economic criminal activities. They should conscientiously organize cadres and ordinary people to study the "notice;" analyze and study the manifestations of the economic criminal activities of their own localities, trades, and units; and carry out ideological and political work to counter them. They should strengthen ties with judicial organs and coordinate the relationship between judicial and discipline enforcement departments. They should do a good job in receiving the people who turn themselves in, and in reporting and exposing criminal activities. Second, it is imperative to resolutely implement the policy of resorting to both punishment and lenient treatment—granting lenient treatment to those who confess their crimes, and severe punishment to those who refuse to do so. It is imperative to adhere to the principle of taking facts as the basis and laws as the criteria, and the principle that all citizens are equal before the law. Those whose activities violate the Criminal Law and constitute a crime should be investigated and held responsible. Lenient treatment should be given to those who turn themselves in, confess their crimes, and make contributions within the fixed time; and those whose activities constitute a crime, and who refuse to turn themselves in, should be resolutely punished. Third, a good job should be done in publicity and in mobilizing the masses. From now on, wide publicity should be given to the "notice" to make it known to every family and every person.

In conclusion, Li Ximing urged: Party members and leading cadres at various levels throughout the municipality should successfully carry out the propaganda work toward the masses and support the work of judicial departments. If they themselves have violated laws, they should confess their crimes to the judicial organs or party organizations at an early date to win lenient treatment.

Article Views Guerrilla Warfare in Beijing

HK0109055189 Hong Kong CHENG MING
in Chinese No 143, 1 Sep 89 p 14

[Article From "Reference News Column" by Ou Fan (2962 0416): "City Guerrilla Warfare: The Activities of Opposing the Despotic Rule Have Occurred One After Another"]

[Text] In Beijing, no day is a peaceful day; not only were there citizens expressing their passive protests to the authorities through a silent and uncooperative manner, but positive resistance also took place everyday. Recently, there have been the activities of "a fire every day," burning here today and there tomorrow, which the martial law troops have no way to deal with.

Furthermore, it has been alleged that indeed a "city guerrilla force" has been operating in Beijing; they said if the authorities shoot a person supporting the pro-democracy movement, they will take revenge on two martial law troops. According to a friend in Beijing, during the "4 June" period, a mother of a family was killed by martial law troops. Two brothers who took part in the student movement returned home and learned the news; they said nothing but dashed out of the door, and from then on they have not returned home....

An arsenal in Beijing's Chaoyang District military command was looted in July and over 40 semi-automatic rifles were lost. The Ministry of Public Security and Armed Police have treated it as an extraordinarily big case, and have been carrying out an investigation. According to an analysis, these semi-automatic rifles could possibly be circulated to other localities; therefore inspections have been stepped up in every airport, port, and bus and train stations. Qiao Shi personally instructed the Ministry of Public Security: Crack down on the case immediately.

The night when Wuer Kaixi turned up in Paris, Beijing University students smashed "little bottles" [xiaoping] on the campus and sang "The Internationale" until midnight. The next day, the school authorities investigated, but students in every dormitory vouched in support of one another that everyone had been sleeping in their rooms, and that none of them had ever stepped outside their door. The next day, students again protested until midnight. In late July, Beijing University graduating students also held processions, shouted slogans, and sang songs on the campus.

In addition, the incidents of railways and bridges being destroyed often happened, and martial law troops were often shot at by snipers while the fruits "expressing appreciation" sent to them were injected with pesticide and human feces.

According to the information from Sichuan, a guerrilla force has also been operating there.

Hebei Secretary Speaks on Family Planning Work

SK0709043389 Shijiazhuang HEBEI RIBAO
in Chinese 17 Aug 89 p 1

[Excerpts] The 4-day provincial family planning work conference cosponsored by the provincial party committee and the provincial government ended in Zhangjiakou on 15 August. Comrades attending the conference conscientiously summed up our province's family planning work achievements in the first half of the year, calmly analyzed our province's current population situation, and studied specific measures for guaranteeing the fulfillment of this year's population plan. At the conference, 30 model workers of provincial-level family planning departments, 157 family planning advanced collectives, and 346 advanced family planning workers were commended. Peng Peiyun, minister in charge of the Family Planning Commission; Xing Chongzhi, secretary of the provincial party committee; and Wang Zuwu, vice provincial governor, presented certificates of honor, banners of citation, and certificates of merits to the awardees.

Peng Peiyun and Xing Chongzhi gave speeches at the conference. [passage omitted]

Xing Chongzhi, secretary of the provincial party committee, stressed at the conference the necessity of strengthening leadership over family planning work. He also mentioned by name some prefectures and cities which should be commended or criticized.

Xing Chongzhi said to the leaders of various prefectures and cities: During the beginning of this year, the provincial government signed a "letter of responsibility for managing the population target." Once signed, this letter should be followed through. You must guard against making great decisions and speaking loudly at a meeting and doing nothing after the meeting as before, because this is a very bad workstyle. This year, you must adopt effective measures and strive to fulfill the population control target of your own prefectures and cities. Xing Chongzhi praised Zhangjiakou, Tangshan, Chengde, Qinghuangdao, and other prefectures and cities, and urged Baoding, Shijiazhuang, Xingtai, and Handan, which have never been named family planning advanced units, to "show up."

Xing Chongzhi pointed out: In the past, there were exaggerated figures in the family planning statistical reports. During last year's province-wide campaign to make "family planning inspections in six fields," we discovered that nearly 3 million babies were born above the plan in 8 years. The number of above-plan births in a year was equivalent to the population of a medium-sized county. In this way, we have openly or covertly added a county a year. This is very serious. We must seek truth from facts, and must not practice fraud. We must fulfill the population plan without exaggerating its figures. He also stressed that all levels should properly manage and use the fines collected from above-plan births, strictly forbid sharing or misappropriating this

money privately, and should use this money for developing family planning undertakings.

Shanxi Secretary, Governor Discuss Development

HK0609105989 Beijing RENMIN RIBAO in Chinese
27 Aug 89 p 4

[Article by Li Ligong (2621 4539 0501), secretary of Shanxi Provincial CPC Committee, and Wang Senhao (3769 2773 3185), governor of the province: "Develop Shanxi, Enrich the People, and Serve the Whole Country"]

[Text] Shanxi is the famous "country of coal"; it has the largest reserve, widest distribution, most varieties, and best quality of coal in the country. Since liberation, the coal industry in Shanxi has developed smoothly. In particular, since the 3d Plenary Session of the 11th CPC Central Committee, the Shanxi provincial party committee and the Shanxi government have staunchly implemented the resolution by the CPC Central Committee and State Council to build Shanxi into a base of energy and heavy chemical industry; upheld reform and opening up; tried their best to handle properly the relations between supporting the whole country and developing Shanxi and enriching its people; and always grasped construction of an energy base as the key point in economic construction in the whole province. With the state's support and the hard work of the people in the province, Shanxi has begun to take on the shape of a base of energy and heavy chemical industry, has won tremendous and unprecedented successes, and has made contributions to economic construction in the whole country. **Coal production developed quickly.** Up to 1988, total production output of coal increased by 150 percent compared to 1978; quantity of coal transferred out of the province increased by 220 percent compared to 1978; and quantity of coal handed over to the state for export increased 17.7 times compared to 1978. **Electricity increased tremendously.** Total installed capacity reaches 5,070,800 kilowatts, an increase of 140 percent compared to 1978; in 1988 the province generated 27.774 billion kilowatt hours of electricity, an increase of 160 percent over 1978. **The provincial main index of national economy realized the first quadrupling ahead of schedule.** Total social production value in the province increased from 16.25 billion yuan in 1978 to 60.13 billion yuan in 1988, and national income increased from 6.79 billion yuan in 1978 to 23.13 billion yuan in 1988. **The people's standard of living has improved.** Per-capita income for peasants in the province increased from 101.6 yuan in 1978 to 438.7 yuan in 1988, and per-capita income for urban residents increased from 286.3 yuan in 1978 to 846.7 yuan in 1988. Transport, water supply, gas, cultural and health facilities have also improved to some extent. **Transportation and communication fully developed.** The improvement of seven key railways and the opening of Daqin railway have enhanced the power of Shanxi to transport coal out of the province. The constructions of five local railways and 12 inter-province highways will form a comparatively developed transportation and communication network in the province. **Scientific and**

technological advancement has been speeded up; education has developed steadily. The number of scientific and technological personnel in the province in 1988 has doubled that of 1978, and 2,225 kinds of achievement in scientific research have won provincial, ministerial, or state awards. The number of students in the colleges in the province increased by 140 percent compared to 1978, and various secondary technical schools, technical institutes, vocational schools, as well as various adult educational programs such as television universities and correspondence universities have also developed quickly. Ordinary secondary, and primary schools have also improved standards through readjustment.

Practices have proven that the resolution passed by the CPC Central Committee and State Council to build Shanxi into a base of energy and heavy chemical industry is correct. Building a base of energy and heavy chemical industry in Shanxi is not only required by the overall construction in the country, but also an important way to fully develop the strong point of abundant resources in Shanxi, to invigorate the economy in Shanxi, and to bring prosperity to Shanxi and affluence to its people.

In recent years, in the course of building a base of energy and heavy chemical industry, Shanxi has met with some problems and difficulties. Along with price increases, cost of coal production also greatly increased, causing a decrease in economic returns. In addition, the prices of coal have been low, therefore coal mines lacked the ability to expand production, and coal production in the whole province seriously lacked staying power. With the quick development of industries such as coal and power in our province, the industrial structure reflected a bias toward heavy industry, with the result that the consumer goods industry has been relatively backward and 50 percent of the daily consumer goods must be imported from other provinces. Large-scale exploitation of coal has also caused difficulty for the tasks of management of environmental pollution and water resources, compensation for farmland, and construction of public facilities. The system of coal management has been loose with the chaotic circulation and numerous forms of exploitation by middlemen, thus affecting the people's eagerness to produce coal. Since the third plenum, although Shanxi people's standard of living has been improved, per-capita income of living cost is still in a lower position in the country.

The CPC Central Committee and the State Council have attached great importance to building a base of energy and heavy chemical industry in Shanxi. On 8 March this year, Premier Li Peng chaired a work meeting in the State Council, and specifically studied the problems of coal production in Shanxi. This has significance for a steady and continued development of coal industry in our province. We are determined to carry out the lines, policies, and principles formulated since the 3d Plenum of the 11th CPC Central Committee, uphold the basis for building the country, and embark upon the road to a strong country. The main duties for the party and government leaders in Shanxi would be doing well the

work in building an energy base, contributing more to the country, and enriching the people in the whole province as soon as possible. Let there be plain living, hard work, and bigger achievements!

Northeast Region

Liaoning Reports on Budget Implementation

SK0409015089 Shenyang LIAONING RIBAO

in Chinese 26 Jul 89 p 2

[Excerpts] Bai Yinxiang, deputy director of the provincial financial department, on 19 July delivered a report on the implementation of the province's first-half budget at the 10th meeting of the seventh provincial People's Congress Standing Committee.

In referring to the implementation of the first-half budget in his report, he stated that since the beginning of 1989, our province had experienced multiple difficulties, such as the serious shortage of funds and raw materials and the strained situation in energy resources and transportation. In particular, the difficulty in the financial and economic work during the May-June period was further intensified due to the influence of the disturbances and the counterrevolutionary riot. In facing the difficulty, the broad masses of staff members and workers throughout the province have earnestly implemented the central principle of "improving the economic environment, rectifying economic order, and deepening the reform drive in an overall way; deeply launched the "campaign" of increasing production and practicing economy as well as increasing incomes and curtailing expenses; and have scored some achievements in relieving the difficulties, developing the economy, increasing revenues, and curtailing expenses by adopting a series of positive measures. Thus, industrial production scored a stable increase, markets in both urban and rural areas enjoyed brisk business, revenues achieved a turn for the better month after month, and the general economic situation was much better than that we expected at the beginning of this year. The province's revenues in the first half were 5.728 billion yuan, which accounts for 45.7 percent of the annual budget and showed an 842 million yuan or 17.2 percent increase over the same period of 1988. However, the outstanding accounts of revenues paid by provincial-level enterprises have shown a persistent decrease and scored a 28.8 percent decrease in the first half. Major revenues are as follows:

1. Industrial and commercial tax revenues scored a stable increase and were 5.892 billion yuan in the first half, a 24.8 percent increase over the same period of 1988—accounting for more than 50 percent of the annual revenue plan. The total retail sales of social commodities showed a 24.5 percent increase over the first half of 1988 because of the increase in social commodity demands. The revenue of business taxes showed a 43.6 percent increase over the first half of 1988 because of the interest increase of bank loans. After

delegating the right of tax revenues to grass-roots level units, various localities scored a 42.4 percent increase in tax revenues over the first half of 1988 and a 118 million yuan increase in the newly opened revenues of the stamp tax, the urban land utilization tax, and the banquet tax. They only scored a 9 percent increase in product and appreciation taxes because of the influence of product structure changes and of the outstanding accounts of tax revenues.

2. Revenues paid by industrial enterprises in the first half were not ideal, and only 238 million yuan was collected. This was only 17.5 percent of the annual budget and represented a 62 percent or 388 million yuan decrease over the same period of 1988. Major reasons for the decrease in this regard are as follows: 1) Enterprises scored poor economic results, incurred high costs, and suffered a large increase in losses. The first half increase in the production of enterprises covered by the budget was 3.6 percent, but the profits and taxes paid by these enterprises showed a 21.4 percent decrease. Of these enterprises, one third suffered losses whose sum showed a 1.7-fold increase over the same period of 1988. The cost of comparable products showed a 19 percent increase. 2) Enterprises did not hand over their profits and taxes to the state in line with the regulations of proportionate revenues and did not calculate their taxes in line with the proportionate rate of increase. By the end of June, they owed the state 601 million yuan.

3. Losses caused by grain enterprises showed a 126 million yuan increase over the same period of 1988. These enterprises incurred 69 million yuan of new debt because of the fund shortage. Enterprises that have borrowed foreign funds scored a 211 million yuan increase in losses, chiefly because of the high cost associated with the exchange rate, and newly borrowed 102 million yuan because of the fund shortage.

The province's expenses in the first half were 3.832 billion yuan, a 328 million yuan or 9.3 percent increase over the same period of 1988, accounting for 34.8 percent of the annual budget.

In capital construction, the province implemented the principle of carrying out both protection and curtailment, protected the construction of key projects, curtailed the nonproductive projects, and brought investments under control. The expenses of capital construction in the first half showed a 15.8 percent decrease over the same period of 1988; those of supporting rural production showed a 27.3 percent increase because of the special-fund increase for developing grain production, combatting drought, and developing the Liaohe Delta; those of educational undertakings showed a 32.6 percent increase over the same period of 1988 because of the expense increase for readjusting the wages of middle and elementary school teachers and distributing bonuses; and those of administrative affairs showed a 31.3 percent increase because of the expense increase for paying the increased public funds and the wages of newly employed personnel.

Major problems which cropped up in implementing the first-half budget are as follows:

A. Although industrial production scored a stable increase and maintained a stable rate, the landslide of economic results had exerted an extremely unfavorable influence on the economy and financial affairs. [passage omitted]

B. The outstanding accounts of profits and taxes paid by enterprises were serious. The problem that banks had and of taxes paid has not improved, which has caused a strained situation in funds, brought about an increasingly prominent contradiction between demand and supply, and seriously affected the normal turnover of funds and the fulfillment of revenue tasks. By the end of June, the total outstanding accounts of funds reached more than 1.5 billion yuan. Of these outstanding accounts, the proportion accounted for by the provincial-level enterprises was larger than that of others.

C. Although the situation in tax revenues was better than before, tax evasion—particularly evasion committed by privately-owned and individual-run enterprises and trade fairs—by individuals in paying the regulating income taxes, and by some enterprises which had been involved in contracts, were still serious. The management of the revenues and expenses of some companies and institutions was not strict and the supervision over their revenue and expenses was not effective, thus having an adverse influence on revenue.

D. The dispatch of funds was not satisfactory because of the delayed payment of taxes and profits to the state. Funds that deserve to be returned to the state were not withdrawn and those that deserve to be appropriated to local units were not appropriated. [passage omitted]

E. The circulation funds of enterprises were short and funds which had been unreasonably tied up increased. All of this adversely affected the business and development of enterprises. [passage omitted]

F. Expenses were not carried out in line with the spirit of living a frugal life in the coming few years. [passage omitted]

In referring to the issue of how to ensure the fulfillment of the annual budget in his report, Comrade Bai Yinxiang put forward the following tasks to implement the budget in the second half of this year: 1) It is imperative to be sober-minded to discern the seriousness of the province's financial difficulties this year. By no means should we relax our vigilance in the work to increase incomes and curtail expenses. [passage omitted] 2) The fundamental way to deal with the financial difficulties lies in developing production, increasing economic results, and arousing the broad masses of staff members and workers throughout the province in line with the demands set forth by the provincial party committee and the provincial people's government at the recent "double increases" radio and television broadcasting rally to adopt every possible way and means to tap potential and

to seek economic results from technical renovations, quality improvement, management, and product structure readjustment. [passage omitted] 3) Efforts should be made to adopt every possible way and means to deal well with the triangular relation of debts and to straighten out the relationship in settling accounts. [passage omitted] 4) We should earnestly implement the contracting systems among enterprises to ensure they successfully fulfill the state assignments of taxes and profits. [passage omitted] 5) We should actively implement the policies and measures newly formulated by the state for increasing revenue. [passage omitted] 6) We must uphold the principle of curtailing expenses and making overall arrangements for fund utilization because of the financial difficulties. [passage omitted]

In concluding his report, Comrade Bai Yinxiang stated that only by earnestly implementing the spirit of the 4th Plenary Session of the 13th CPC Central Committee and the eighth plenum of the sixth provincial party committee and seriously enforcing the measures of improving the economic environment and rectifying economic order will we be able to change the situation in which we experienced some difficulties in implementing the budget in the first half this year. We must confidently strive to ensure the fulfillment of the annual budget.

Northwest Region

GANSU RIBAO Marks Its 40th Anniversary

HK0409092489 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 31 Aug 89

[Text] According to GANSU RIBAO, on the morning of 31 August, all the staff members of GANSU RIBAO, together with some guests, happily attended a reception to mark the 40th anniversary of the founding of the newspaper.

Present at the reception on invitation were provincial leaders Li Ziqi, Xu Feiqing, Jia Zhijie, Ge Shiyang, Lu Kejian, Yan Haiwang, (Liu Yuhang), (Wu Jian), (Liu Yun), and Qin Shiwei; director of the Propaganda Department of the provincial party committee (Yang Wenchang); provincial party committee Deputy Secretary General (Song Zhaolong); GANSU RIBAO's founders and its first director and editor-in-chief (Ruan Diming); and chairman of the provincial association of journalists Tian Shiyang.

Qinghai Secretary Stresses Party Building

HK0609010189 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 3 Sep 89

[Text] Yin Kesheng, secretary of the provincial party committee, aired his opinions on party building recently during a meeting of the Standing Committee of the provincial party committee.

Yin Kesheng said: As required by the 4th Plenary Session of the 13th CPC Central Committee, party

organizations at all levels must focus their attention on party building, and the central authorities must take the lead in doing so. This is one of the four major tasks that must be done for the present. Operational organs, from the provincial party committee to party organizations at all levels, must do this task earnestly.

Yin Kesheng said: For the present, in strengthening party building, we must pay attention to three aspects:

To upgrade the ideological standard of the party, we must seek a common understanding within the party on the basis of the spirit of the 4th Plenary Session of the 13th CPC Central Committee, more thoroughly study the guidelines laid by the fourth plenum, conduct in depth the drive of education in the necessity of upholding the four cardinal principles and opposing bourgeois liberation, dispel confusions caused by the ideological trend of bourgeois liberalization, keep well informed on the realities of life, and pay close attention to ideological education for party-member cadres. We must launch a round of discussion in light of the real circumstances in Qinghai, find the roots of those erroneous trends of thought and views that were prevalent over the past few years, and ensure that socialism dominates the ideological field. It is necessary to strengthen political and ideological work. Party groups of enterprises must take ideological and political work as a key task and as their first duty. At the same time, it is necessary to step up the development of the party's contingent of theoreticians and of ideological and political workers.

With regard to organizational construction, our major task for the moment is to properly carry out the screening and weeding-out operation, do a good job in the assessment and development of leading bodies at all levels, and step up rectification of organizations and discipline. Government organs at the provincial level must take the lead in doing these tasks. It is necessary to run the party strictly and enforce the party's discipline rigidly. For the present, we must focus our attention on the combat against corruption, and earnestly do the seven tasks that the provincial party committee planned to do in the short term. We must combine the combat against corruption with the investigation and handling of major and important cases, and select a few typical cases for public trial so as to educate cadres and win the people's trust.

Regarding work style, we must make special efforts to overcome three unhealthy tendencies, namely, bureaucratism, the tendency of being divorced from the masses, and that of extravagance and waste. We must develop a system of regular visits to grass-roots units by cadres at all levels, including the system of regular transfer of cadres to grass-roots units for training and the system of regular surveys in grass-roots units. In addition, we must uphold the system of regular training through labor for cadres.

Shaanxi's Grain Economy, Enterprises 'Flourish'

HK0509051989 Beijing RENMIN RIBAO in Chinese
29 Aug 89 p 4

[Report by Dong Jingmin (5516 2529 3046) and Cao Yan (2580 1750): "Grain Production Steadily Increases and Township Enterprises Flourish in Shaanxi"]

[Text] Shaanxi is one of the places where our country's agriculture originated. Since ancient time, the industrious people of Shaanxi have been engaged in agriculture in Guanzhong plain, known as "a vast fertile land;" in Hanzhong's basin, known as "a land of fish and rice;" and in the Northern Shaanxi plateau, known as "the resting place for horses." Since the founding of New China and, in particular, since the 3d Plenary Session of the 11th CPC Central Committee, Shaanxi's agricultural production has developed rapidly. The rural economy has become more specialized, commercialized and modernized. In 1988, the total output value of the rural areas of the province amounted to 20.05 billion yuan, a 3-fold increase over 1978. There is a balance between grain purchase and sale, and it is more than self-sufficient in grain. The output of tobacco leaves, fruit, tea, meat, eggs, wool and silkworm cocoons reached a historic height. The flourishing rural economy has greatly improved the peasants' living standards. The province's per capita income rose from 133 yuan in 1978 to 404 yuan in 1988.

In the 40 years since the founding of the PRC, Shaanxi's grain output rose from the 3.31 billion kg in the early post-liberation period to 9.82 billion kg in 1988, with the average per-mu yield rising from 60 kg to 161 kg. In 1988, the grain which the peasants sold to the state according to contracts or at negotiated prices amounted to 2.06 billion kg. Several factors have contributed to this steady rise. First, the peasants have become more enthusiastic than ever because of the institution of the contracted responsibility system with remuneration linked to output. Second, production conditions have been greatly improved. Before liberation, there was not a single reservoir in the province. Now, there are some 1,400 large, medium-sized, and small reservoirs; and the effective irrigated area has reached some 19 million mu. The amount of fertilizer used rose from 0.05 kg per mu before liberation to 32 kg per mu now. Third, the spread of applied techniques, as well as improved varieties of wheat, corn grown with the help of plastic film, hybrid rice, and dry field farming, has played a promoting role in increasing grain output. Major changes have taken place in the province's rural production structure. The sudden development of township and town enterprises

since 1984, in particular, has become the mainstay of the rural economy. By 1988, the total output value of township and town enterprises reached 10 billion yuan, continuously surpassing that of agriculture. Some 500,000 enterprises, which employ a workforce of 2.47 million people, produce some 6,000 products. Of these products, 114 have won state awards or commendations by various ministries and 40 received commendations from the provincial government. Over 60 products have entered the international market with an annual export value of 62 million yuan.

Xinjiang Officials Praise Nationality Solidarity

HK0709025889 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 6 Sep 89

[Excerpts] The party committee and people's government of Changji Hui Autonomous Prefecture as well as the Changji Military Subdistrict jointly held a rally in Qitai County on the afternoon of 5 September to name Qitai County the model county for its successes in nationality solidarity and army-people unity, and to confer the glorious title of supporting the government and cherishing the people to a unit of the Xinjiang Military District, a unit of the Changji Military Subdistrict stationed in Qitai County, and to the people's Armed Forces department of Qitai County.

Wang Enmao, vice chairman of the National Chinese People's Political Consultative Conference Committee and chairman of the Xinjiang regional Advisory Commission; and regional party, government and military leaders Song Hanliang, Tumor Dawamat and Wulatayefu attended the rally and extended warm congratulations. [passage omitted]

Speaking at the rally, Comrade Wang Enmao pointed out: Xinjiang is a multinational region, and nationality solidarity is the common wish and demand of all nationalities. The people of all nationalities must treasure nationality solidarity as they do the apple of the eye and wage resolute struggle against all activities of disrupting nationality solidarity.

Comrade Song Hanliang emphasized in his speech: To promote solidarity and progress of all nationalities and army-people unity is a protracted task for our region. The important thing for the task is our persistent effort. To accomplish the task, it is also necessary to set a sensible target, lay emphasis on substantial results, and plant deeply the idea of nationality solidarity and army-people unity in the minds of the people of all nationalities. [passage omitted]

Premier Urges Scientists To Speed Up Research*OW0509034589 Taipei CNA in English
0235 GMT 5 Sep 89*

[Text] Taipei, Sept. 5 (CNA)—Premier Li Huan Monday urged outstanding scientists to help the nation accelerate high technology research as the nation enters a new industrial era.

In a discussion with 20 Chinese scientists and specialists in optoelectronics, Premier Li said that the government has emphasized the great importance of high-tech development, because the nation's ultimate progress largely depends on it.

"Since we are now switching from labor-intensive industries to high-tech ones in a bid to compete with industrialized nations, we need such high technologies as optoelectronics to enhance our industrial development," the premier said.

The scientists included Nobel Prize winner Dr. Li Yuan-tze and other renowned Chinese scholars and specialists currently residing in Japan and the United States. They are here to attend a high-tech seminar on optoelectronics.

The seminar, sponsored by the National Science Council, began Monday with discussions focused on optoelectronics research and industrial development. The results of the meeting are expected to influence the second phase of the nation's development in this field.

The council's chairman Hsia Han-min expressed the hope that the optoelectronic industry would become the nation's next "star industry."

Hsia indicated that even though the Republic of China only began to promote optoelectronics industry five years ago, its output reached 19 billion NT dollars in 1988, a 25 percent annual growth.

Dr. Li Yuan-tze expressed his concern about the nation's optoelectronics development which, he emphasized, should be based on consolidating basic scientific research with the improvement of the level of graduate institutes as the ultimate step for the training of personnel.

The United States now leads the world in optoelectronics basic research and its application for national defense, while Japan is outstandingly successful in optoelectronic components and commercial use. Li said their experiences were well worth studying.

Participants in the week-long seminar are expected to hold a series of public lectures on optoelectronics in an attempt to interest the general public in the science.

Foreign Minister Comments International Relations*OW0609042489 Taipei CNA in English
1530 GMT 5 Sep 89*

[Text] Taipei, Sept. 5 (CNA)—Foreign Minister Lien Chan said Tuesday that the Republic of China [ROC]

should actively seek to rejoin international organizations, including the United Nations.

Minister Lien was discussing the current international situation and the ROC's foreign policy during a colloquium featuring major cabinet officials.

For the present, Lien added, it is easier for the ROC to participate in regional or functional organizations such as General Agreement on Tariffs and Trade (GATT).

Preparations for the ROC to return to GATT, to which the ROC was a contracting party, are well under way, Lien revealed.

While working to implement the Government's more "flexible" foreign policy, the minister has not forgotten to set a limit on it.

Lien denied, for example, that the "Asia Development Bank [ADB] model" could be used for the ROC's entry into other international organizations because the voting power of every ADB member country is determined by the amount of its equity in the regional bank.

Lien reaffirmed the nation's "one China" policy, claiming that China must be reunited under the principles of freedom, democracy, and an equitable distribution of wealth.

The continued existence of the ROC on Taiwan is very important to the eventual reunification of China, Lien said.

Official Optimistic About Patent Talks With U.S.*OW0209043789 Taipei CNA in English
1616 GMT 1 Sep 89*

[Text] Taipei, Sept. 1 (CNA)—A ranking official said Friday he was optimistic about prospects for the second-round of intellectual property rights protection consultations between the Republic of China [ROC] and the United States.

The delegations to the consultations, scheduled for Sept. 28-29 in Washington, D.C., will be led by Sheu Ko-sheng, director of the ROC Board of Foreign Trade, and Sandra Kristoff, assistant U.S. Trade Representative.

Vincent Siew, convenor of the cabinet ad hoc group on coordinating intellectual property rights policy, said the ROC has seen remarkable achievements in this regard.

The achievements will be helpful in urging the U.S. to remove the ROC from its trade "watch list" by the end of the year, Siew said.

He was optimistic about the second-round talks because the nation has implemented a comprehensive package of measures to protect patented intellectual property.

Moreover, Siew pointed out, the U.S. has not made any new demands on the government, indicating that the third-round of talks scheduled for late October may not even be needed.

He said infringements on foreign patents and trade marks have decreased sharply, and as many as 110,000 videotapes were confiscated by government authorities during the first half of the year.

He noted that even though the revision of the nation's copyrights law will be completed before mid-1990, it is still premature to discuss setting up special courts to deal with copyrights disputes.

The coordination group met the day after the Executive Yuan approved measures to strengthen the protection of intellectual property rights.

On Thursday, the cabinet agreed to speed up the amendment of the nation's copyrights law, patent law and trademark law in accordance with the ROC's bilateral agreement with the U.S. on the protection of intellectual property rights.

The cabinet also resolved to strengthen the Interior Ministry's special group charged with cracking down on copyrights violations and the economics ministry's special group responsible for preventing counterfeiting.

The government information office [GIO] has been charged with clamping down on illegal MTV centers around the island, and the national police administration has been assigned to the GIO in carrying out its duties.

In addition, the cabinet decided to step up public education in schools as well as in society by asking the Education Ministry to discuss intellectual property rights in the nation's textbooks. The GIO will also strengthen its effort in this regard.

The economics ministry, for its part, was asked to assist the local business community to strengthen R & D and product-design capabilities so that counterfeiting will be minimized.

The ministry's special-purposed group decided Friday to regularly dispatch staff members to local cities and counties to crack down on fake products.

The group, chaired by Hsu Kuo-an, also resolved to send staff members abroad to learn more about how foreign countries deal with counterfeiture problem.

Liu Po-lun Named Ambassador to Grenada

OW0609120789 Taipei CNA in English
1030 GMT 6 Sep 89

[Text] Taipei, Sept. 6 (CNA)—The Kuomintang Central Standing Committee Wednesday approved the nomination of Liu Po-lun, director of the Department of the North American Affairs of the Ministry of Foreign Affairs, as ambassador to Grenada.

Liu, 54, Hunan Province, graduated from Department of Political Science of National Taiwan University and has served as director of the Far East Trade Office in the Netherlands and director general of the Coordination Council for North American Affairs in Chicago.

Commentary Says PRC Purges Meeting Resistance

OW0609054689 Taipei International Service
in English 0200 GMT 5 Sep 89

[Station commentary: "Mainland Purges Meeting Resistance"]

[Text] A news analysis issued by the REUTERS News Agency from Peking on Sunday suggests that the current series of purges in Mainland China are starting to meet widespread resistance among the people. The British agency says the people are no longer as obedient as before, and do not take well to such mass campaigns as before.

The Chinese Communist Party and Army crackdown on the prodemocracy movement has included mass arrests, party dismissals, and ideological reeducation. The campaign is designed to cleanse the party and regime of impure elements.

The Communists have held many such campaigns in the past. The most infamous one was the so-called Great Cultural Revolution of the sixties and seventies. During that tragedy of still untold death and destruction, Mao Tse-tung unleashed his young Red Guards on the masses, prosecuting or killing anyone suspected of being an impure communist. There were tens of millions of victims, and the entirety of the devastation has never fully been comprehended, both within and outside Mainland China.

But, as REUTERS reports, one thing is sure now: The people of Mainland China will not tolerate any more mass purification campaigns. Few people are cooperating or going along with the current one. For instance, students have been ordered to squeal on fellow students who were or still are involved in the prodemocracy movement. Yet most students are silent, refusing to get involved. Even the Public Security Bureau is having trouble rallying its ranks to the cause. Normally the outfit handles the implementation of secret police monitoring of such campaigns. In most areas the Public Security Bureau has stepped aside to let the army conduct the arrests, interrogations, and beatings of prodemocracy suspects.

The bureau workers are afraid that the political winds will change again soon, and that they will be the target of public vengeance. Hence their disinterest in the purges.

Ordinary citizens are also withholding cooperation, according to REUTERS. Neighborhood tattle-tale units are simply not reporting anything, although they have been given the arbitrary quota of squealing on at least 3 percent of their community members.

Many journalists and editors in the Communist-controlled mainland media are also obstructing the Communist Party purges. Although the party has hired some 65,000 new censors to handle the supervision of the purification campaign in the press, still editors are able to slip in a few barbs against the campaign here and there.

These are definitely signs that the music may have stopped for mass Communist purges and campaigns. The people have simply become worn out by the hysteria of Communist persecutions and purification campaigns, and have finally begun showing signs of widespread resistance, or at least apathy.

The more the Chinese Communists press forward with their campaigns the more the mainland will become a breeding ground for anticommunist, prodemocracy movements. This, the Communists seem yet to have learned. [as heard]

Gold Award to Defecting PRC Pilot Criticized

*HK0609132889 Hong Kong AFP in English
1307 GMT 6 Sep 89*

[By Hsin Hsin Yang]

[Excerpt] Taipei, Sept 6 (AFP)—Chinese Air Force pilot Jiang Wenhao defected to Taiwan Wednesday and his "determination to seek freedom" will be rewarded in gold after his MiG-19 landed safely on the Nationalist island of Quemoy.

The 24-year-old first lieutenant took off from the Longxi Air Base in China's southeastern Fujian Province and landed at Quemoy's Shang Yi Air Base, just off the mainland coast.

Lt Jiang, from China's southwestern Sichuan Province, was serving in the Second Wing of the 145th Regiment of the 49th Division of China's Air Force, according to the Taiwan military.

Under a controversial Taiwan practice criticized for damaging improving relations with Beijing, Lt Jiang will receive 2,000 taels (2,660 ounces) of gold worth 860,000 U.S. dollars.

Taiwan Premier Li Huan confirmed that the pilot would get the gold and told reporters the defection achieved against tight mainland security. "showed his determination to seek freedom and forsake communism."

His confirmation did not win universal approval and one ruling Kuomintang party legislator openly attack the defection-for-gold policy.

There was no official comment from Beijing where a Chinese Foreign Ministry official merely took note of a question on the defection.

But legislator Huang Chu-wen said the reward system offered the wrong incentives to mainland defectors and added: "The practice to reward defectors with the huge amount of gold is increasing tension across the Taiwan Strait."

In a bid to defrost 40 years of confrontation between Beijing and Taiwan, Mr Huang had earlier asked military authorities to abolish the practice whereby different amounts of gold are awarded to pilots depending on the type of warplane they use to defect.

China abolished the practice of offering gold to defecting Taiwan servicemen in September last year in a move to improve relations between the two rival regimes which fought a civil war until the Kuomintang fled the mainland in 1949.

Taiwan slashed the gold rewards by an average of 64.6 percent the same month but still maintain highest reward of 8,000 taels (10,640 ounces) of gold for a defecting MIG-23 pilot.

Six mainland pilots have defected to Taiwan since 1960. The latest was MiG-19 pilot Liu Zhiyuan in November 1987. [passage omitted]

Hong Kong

PRC Not To Consider Omelco Views on Basic Law

HK0709031789 Hong Kong SOUTH CHINA
MORNING POST in English 7 Sep 89 p 1

[By Andy Ho and Kent Chen]

[Text] A key mainland Basic Law drafter, Mr Xiao Weiyun, says China will not consider Omelco's [Organization of Members of the Executive and Legislative Councils] consensus model for the development of Hong Kong's political structure.

Mr Xiao made it clear yesterday that the Beijing-appointed Basic Law Drafting Committee would only listen to what they deemed the opinion of Hong Kong people.

"How can we consider the opinion of the Executive Council, Legislative Council or other officials of Hong Kong? The Sino-British Joint Declaration clearly states that the Basic Law is Chinese internal affair. This is understood by China, Britain and Hong Kong," he said.

His remarks are by far the clearest objection by any Chinese official to the Omelco proposal which calls for at least half of the legislators to be returned through direct elections before 1997.

Mr Xiao's statement suggests that Beijing still considers the Executive and Legislative Councils as colonial institutions which do not represent public interest in Hong Kong.

Despite public demands here, he also said China would not accept a faster pace of democracy for Hong Kong because of the June 4 incident.

"I don't see any direct relationship between the June 4 incident and the Basic Law. Should we also stop the drafting of Basic Law if something happens in Hong Kong?" asked Mr Xiao, who is a professor and deputy director of Beijing University's Law Faculty.

He is also the mainland co-convenor of the Basic Law drafters' political sub-group.

Mr Xiao, 65, said he expected more proposals on the post-1997 political structure to be forwarded before the Basic Law consultation exercise ends in 55 days.

The pace of democratisation, he added, should be based on principles agreed to by the sub-group.

Mr Xiao, who also sits on the Macao Basic Law Drafting Committee, made the comments during a 13-day opinion gathering mission to the Portuguese enclave with three colleagues.

Omelco has recommended that all legislators be directly elected by 2003.

As a first step, they want a third of the legislature to be filled by directly elected members in 1991 and at least half in 1995.

Omelco members, however, are undaunted by Mr Xiao's comments and will step up efforts to win support for their blueprint for democratisation.

Senior Legislative Councillor Mr Allen Lee Peng-fei will explain the Omelco model to the chairmen of the territory's 19 District Boards next Thursday.

His Legco [Legislative Council] colleague, Mr Ronald Arculli, said last night that Omelco would map out a strategy in a few weeks to canvass support in Hong Kong, Britain as well as China.

He insisted that the Omelco model was reasonable and "very representative" of Hong Kong people's opinions.

Another councillor, Mr Martin Lee Chu-ming, warned that the finalised Basic Law could lose mass support if China insisted on pressing ahead with its own political blueprint.

Official Says PRC Reaffirmation Beneficial

OW0509005089 Beijing XINHUA in English
0021 GMT 5 Sep 89

[Text] Hong Kong, September 5 (XINHUA)—Andrew Leung, deputy director of the Hong Kong Industry Department, expressed cautious optimism Monday in Hong Kong's economic prospects.

Speaking to participants in the London Business School's MBA program, Leung noted that while sentiments have become more cautious than before, Hong Kong has witnessed a number of new investment decisions made by overseas countries after the June events in Beijing.

He cited several new manufacturing investments by Japanese, Australian and United States corporations totalling over 28 million U.S. dollars and the decisions by two United States companies to relocate their regional headquarters to Hong Kong.

Leung said the grounds for Hong Kong's cautious optimism lay in its long-term economic fundamentals.

First of these fundamentals Leung mentioned is the fact that Hong Kong has been an economic miracle. "During the past decade, our GDP has been growing at the average annual rate of 8.4 percent in real term. Our per capita GDP is now second in Asia only to Japan."

"We are now the world's 11th largest exporter of goods and the 12th largest importer. Thus, we have become a very important part of the world's economic system," he said.

Secondly, Leung said, under the joint declaration Hong Kong had become a separate contracting party to the General Agreement for Tariffs and Trade and separate

member of the Customs Cooperation Council. Hong Kong would continue to participate in many international bodies in its own right beyond 1997.

The third fundamental, Leung said, was that Hong Kong had an excellent business infrastructure, including its enterprising entrepreneurs, its hard-working labor force, its free economy, its world-renowned container port, airport, telecommunications and financial services.

Fourthly, he said, after recent events, China had repeatedly reaffirmed its "open door" policy.

He said since the policy's inception in 1978, China's economy had enjoyed an annual growth rate of 9.9 percent in real terms and it had become the world's eighth largest industrial producer.

"Much of this success has been spearheaded by Guangdong, accounting for 40 percent of total realized foreign investment in China.

"In turn, Guangdong depends on Hong Kong for 70 percent of its foreign capital, for management expertise and for the supply of parts, components and processed materials," he said.

Fifthly, Leung said Hong Kong had proved to be highly resilient, emerging stronger than before through recessions.

He said already there were signs that business confidence was returning in Hong Kong.

Talks Held With PRC for Continued Water Supply

*HK0509015089 Hong Kong SOUTH CHINA
MORNING POST in English 5 Sep 89 p 5*

[By Caitlin Wong]

[Text] The Hong Kong and Chinese water authorities have held preliminary discussions over an agreement on water supplies to the territory for the eight to 10 years after April 1995, when the existing contract expires.

Director of Water Supplies Wong Kwok-lai said the initial response from China towards Hong Kong's request for a new agreement had been favourable and he hoped further talks could take place in the near future.

"In anticipation of the continuing growth in demand, it is necessary to plan ahead for our future water requirements beyond 1994/1995 up to the early 2000s," Mr Wong said.

Under the existing China water project, Hong Kong receives 500 million cubic metres of water this year and 535 million cubic metres in 1990-1991.

The Hong Kong Government has proposed that the supply be increased to 1,100 million cubic metres in 1995, which means China would be supplying two-thirds of Hong Kong's needs.

It is estimated that the Government would have to invest about \$3 billion in new facilities to cope with this larger volume of water from China, but Mr Wong said there were no plans yet to raise charges.

He said the Hong Kong and China water authorities would meet again next year to discuss the costs of China water for the remaining years of the current contract.

The cost of \$1.201 and \$1.297 per cubic metre for 1989-90 and 1990-91 respectively were set when the two parties last met, in December 1987.

Mr Wong dismissed earlier reports about deteriorating qualities of the China water, saying the standards had remained satisfactory.

"The Water Supplies Department has been monitoring the quality continuously since the project started and we will continue to monitor it closely," he said.

On the Government's plan to sell the Lok On Pai desalter plant, Mr Wong said advertising had been done overseas to attract buyers, and that several parties had expressed interest though none had made any further move.

About 70 percent of the territory's water consumption comes from China.

A number of major projects to improve water supplies in the territory are expected to be either completed or started soon.

One of them, to be completed next month, involves the construction of a water treatment plant in Pak Kong, Sai Kung, a related service reservoir and associated trunk mains.

These will work together with an Eastern Cross Harbour main, also to be completed next month, to meet the increased water demands in June Bay, Kowloon East and northeastern Hong Kong.

In the New Territories, the Au Tau treatment works will be completed in September next year to meet the requirements of the developing Yuen Long, Yuen Mun and Tin Shui Wai districts.

A program has also been launched to provide metered water supplies to 85 remote New Territories villages with a total population of approximately 15,000.

To alleviate the pollution problem at the Shing Mun River created by the large quantity of waterworks sludge produced from the Sha Tin water treatment works, an environmental protection project will be launched.

It is expected to be completed in early 1991.

Governor Urges Boat People To Exercise Restraint

OW 0309072189 Beijing MINHUA in English
0629 GMT 3 Sep 89

[Text] Hong Kong, September 3 (XINHUA)—The Vietnamese boat people should exercise self-restraint while living in Hong Kong. Governor David Wilson said here Saturday after his return from a month-long vocation in London.

Extra police forces were brought to the Chek Hong boat people camp last night when they were alarmed about a new fight there for the second time.

Early in the morning about 200 Vietnamese in the crowded camp fought among themselves for an hour with sharpened objects, rocks, and glass bottles. The violence caused one dead and 14 injured.

The governor said at the airport that he had been kept informed about the latest developments of the boat people issue and he hoped that forced repatriation could begin before the end of this year.

Police officials said they also wished to improve the allowances and living conditions of policemen working in boat people camps to keep them in high morale, while an official from the United Nations High Commissioner for Refugees said more volunteering workers were needed to assist the camp work.

Largest Heroin Haul in Territory Nets 420 kg

HK0609012989 Hong Kong SOUTH CHINA
MORNING POST in English 6 Sep 89 p 1

[By Kent Chan]

[Text] In the biggest heroin haul in Hong Kong's history and the second largest in the world, police have seized 420 kilograms of high grade heroin with a retail value of \$3.2 billion if sold in the West.

The drug consignment, found in a three-story house in Sai Kung on Monday, is believed to have come from the Golden Triangle and was destined for the U.S., Australia, Canada and Europe.

Two men and two women were arrested in followup raids in various parts of the territory and police are still looking for three more men in connection with the seizure.

The haul is second only to the one in the Gulf of Thailand in January last year when Thai authorities seized 1,100 kilograms of No 4 heroin on board a container ship bound from Bangkok to the U.S..

The Chief Staff Officer of the Police Narcotics Bureau, Chief Superintendent Tsang Yam-pui, said the Sai Kung seizure followed an intensive, six-month investigation into a local drug syndicate.

"The raid was carried out after information was received that a large consignment of drugs had been landed and stored in the Clearwater Bay area," said Mr Tsang.

"As a result of round-the-clock inquiries by Narcotics Bureau officers, a three-storey village house in Clearwater Bay Road—near the Shaw Brothers' Studio—was raided at about 4 pm on Monday."

Thirty travelling bags containing the 420 kilograms of No 4 heroin were found inside a wardrobe.

Also found in the same wardrobe were two automatic pistols, one loaded with eight rounds of ammunition and the other with five, and two radio scanners, believed to be used for intercepting police radio communications.

No one was arrested in this raid. But two Chinese men and two Chinese women were arrested at four separate addresses in a series of follow-up raids.

The two men, aged 29 and 35, are reportedly a driver and a lifeguard, while the women, aged 24 and 39, are said to be housewives.

In addition to the arrests, a goods van and a private car were also seized in Kowloon.

Police believe the Sai Kung raid has netted the full consignment of drugs which were smuggled into the territory.

"The wrappings of these drugs and the bags indicated that (the drugs) had originated from the Golden Triangle area and was smuggled through Thailand and then by sea to Hong Kong," said Mr Tsang.

"It is the largest heroin seizure in Hong Kong's history and the second largest No 4 heroin seizure made by law enforcement officers in the world."

Mr Tsang said if the drug was to be consumed locally it would have to be converted into some 7.5 tonnes of No 3 heroin, which would sell for more than \$227 million.

"However, the high quality of the drug indicates it was likely to be intended for markets in Australia, Canada, U.S. and European countries where they can fetch more than US\$420 million (about HK\$3.2 billion)," he said.

"Following the seizure, narcotics Bureau Officers have been in contact with the Thai, Australian, U.S. and Canadian authorities concerning the seizures," said Mr Tsang.

"It is expected that those countries will join forces to assist the Hong Kong police in follow-up investigations."

Sheets were drawn across the windows of the Clearwater Bay Road house yesterday and the ground floor security doors remained firmly bolted, showing no sign of Monday's raid.

Macao**Portuguese Joint Liaison Group Head Arrives**

OW0609152189 Beijing XINHUA in English
0942 GMT 6 Sep 89

[Text] Hong Kong, September 6 (XINHUA)—The head of the Portuguese delegation of the Sino-Portuguese Joint Liaison Group (JLG), Pedro Catarino, arrived in Macao from Lisbon last night for a three-week visit.

Local press reported here today that Catarino will meet the leader of the Chinese delegation of the JLG, Kang Jiwen, Macao Governor Carlos Melancia and other government officials.

He was quoted as saying that he did not know whether he would meet Lu Ping, deputy director of the Chinese State Council's Hong Kong and Macao Affairs Office and secretary general of the Drafting Committee of the Basic Law of the Macao Special Administrative Region of the People's Republic of China.

Lu Ping is now in Macao for a 12-day visit.

The sixth JLG meeting is scheduled to be held in Macao in December, it is reported.

Catarino was the Portuguese Consul General in Hong Kong from 1979 to 1982.

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